

# On the 2026 nomination committee agenda

Board Leadership Centre

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Drawing on insights from research and conversations with board members, we highlight seven considerations for nomination committees 2026 agendas.

## 01 Strategic talent planning

Reassess the alignment of talent with strategy, address technology and ESG risk gaps and review development plans for future board talent.

## 02 Leadership styles

Review the breadth of talent, leadership styles and perspectives and consider how advisory boards and third-party advisors can fill skills gaps.

## 03 Succession planning

proactively assess the boards evolving needs, focus on the chairs' tenure, intergenerational perspectives and ethical behaviours. Review plans for emergency CEO succession and provide more information on the outcomes of succession planning initiatives.

## 04 Reframing the role of inclusion, diversity and equity (IDE)

Recognise diversity as a catalyst for effective decision-making and innovation. Consider socio-economic backgrounds and cognitive diversity in board composition and the breadth of talent pool from which new board members are sought.

## 05 Skillsets to enhance ESG and AI oversight

Review the boards ESG competency and evaluate risks around inexperience associated with a board lacking in technology literacy or crisis management.

## 06 Voice of the workforce and wider stakeholders

Consider how the board engages with the workforce, revisit the boards position on workforce directors, and gain insight from companies that have one.

## 07 Planning for increasingly active investors

Consider the impact of investor voting on the boards approach to AI oversight and governance, ESG especially climate-related risks, over-boarding, board skills and capabilities and regular board effectiveness reviews.

## 01 Strategic talent planning to support growth and manage risk

The continuing priority is to ensure that talent, in the boardroom and in the pipeline, is aligned to strategy – even where that strategy has changed to balance immediate performance and long-term sustainability.

Risks related to cyber security, climate change, AI and other new technology continue to pose major challenges for companies. Boards must actively engage in strategy, adopt rigorous forward-looking governance practices whilst ensuring robust scenario planning and crisis preparedness.

- What steps is the nomination committee taking to ensure the board, leadership and senior management team are 'fit for purpose' to support sustainable growth?
- Are there development plans for senior managers and pipeline talent? Is there regular communication between the Chair and CEO to align vision and avoid conflicts?

Equally, the use of third-party advisors to support the board in areas where specific expertise is needed will likely continue, but regulators and investors are increasingly seeking greater transparency around who such advisors are and any affiliations, financial interests or ties that might bias their judgement and therefore impact their advice.

## 02 Leadership styles

There is an increased focus on social and ethical responsibility in leadership, a broader understanding of the workforce and wellbeing issues remain high on the agenda.

Consider looking beyond the 'usual suspects' to find people with different experiences and backgrounds -including those who have not served on a listed company board before. With appropriate induction, mentoring and coaching, new directors should be able to adapt reasonably quickly.

Integrity and emotional intelligence to provide a balance of perspectives should not be underestimated as key requirements to help the CEO support growth.

### Advisory boards and third-party advisors

Advisory boards might be considered as a mechanism to fill any skills gaps and support the board in the execution of its duties. However, clarity over their role, authority and place within the organisation's governance framework will be key to success.

### Intergenerational perspectives

According to [Spencer Stuart](#), the average age of NEDs is 60.6 years and 56.7 years for first time NEDs. Consider the benefits of intergenerational board members bringing specific experiences of current challenges and multiple perspectives to the table.

- Are you providing candidates in the pipeline with exposure to the benefits of a non-executive director role at key stages of their careers, so they are 'board ready' when a role comes up?

### Ethical behaviours

Potential candidates should be assessed to provide reassurance that they have demonstrated ethical behaviours – the frequency of stories related to bullying, sexual harassment and personal relationships are increasing. As well as being aware of the organisations code of conduct and policy on ethical behaviours, boards should also review their due diligence requirements when recruiting new members.

### Balancing risk and remuneration

Consider the role remuneration plays in the attractiveness of board roles, especially for first time NEDs, and those less financially independent. In our survey '[In the hot seat](#)' 43% of directors cited remuneration as a barrier to attracting talent, the general sentiment being that remuneration was not commensurate with the level of risk, responsibility and time commitment associated with the role.

## 03 Succession planning

The [2024 UK Corporate Governance Code](#) (the Code) puts diversity at the heart of good governance, requiring nomination committees to consider both appointments and succession plans based on merit and objective criteria and promote diversity, inclusion and equal opportunity.

### Reporting

The [Financial Reporting Council](#) reported that more companies are linking their diversity and inclusion policies to broader strategy with more reports, including action taken by senior management and board members.

- Has the nomination committee provided information on the outcomes of the initiatives they have put in place to affect change?
- How have nomination committees demonstrated they have sought the right mix of skills and perspectives to drive long-term success (e.g. acted upon board performance review results) Have skills matrices and diversity matrices been used or considered?

### Chairs' tenure

Too often the cadence of board refreshment is driven by formal retirement policies instead of proactive assessment of a board's evolving needs. Extending the Chair's tenure (beyond nine years) still presents potential risk e.g. complacency and groupthink, even if some companies justify not complying with the Code.

- Have nomination committees considered skills mapping for the next five years and reviewed them against the current board? Are expected behaviours also included?
- If re-electing directors, is the nomination committee ensuring that AGM notices go further than simply cross-referring to biographies included within the annual report?
- Is there an explanation of how the directors proposed for re-election contribute to the long-term success of the business that also specifically links their contributions to company strategy and risks?

Nomination committees should avoid appointing the Chair and CEO back-to-back and stagger board retirements to maintain stability and preserve corporate memory.

- Is there a plan for an emergency CEO succession?

### Creating a strong pipeline

Successors may be identified from 'rising stars' who have dealt with crises or inter-related challenges, those that sit on multiple boards who can share insights from other organisations or have expertise in tech innovation.

The trend for boards to identify talented individuals to become 'board apprentices' to observe the boardroom and provide independent feedback, as well as gain valuable training to reach board level is increasing.

## 04 Reframing the role of IDE

Core to the nomination committee role is ensuring that the board has the right combination of skills, backgrounds, experiences, and perspectives to probe and challenge management's strategic assumptions and to support management in navigating the company through an increasingly volatile and fast-paced global environment.

Whilst the Corporate Governance code no longer includes a range of specific diversity characteristics, and boards may have [refocussed](#) their approach to IDE in light of geopolitical changes - those boards that embedded IDE as part of corporate governance best practice are building strong foundations for the future. Initiatives like the [FTSE Women Leaders Review](#) and the [Parker Review](#) have shown how progress can be made with sustained focus.

## Leverage diverse perspectives

To build on the work organisations have done to thoughtfully manage and integrate IDE into their processes and recruitment strategies, it is essential to recognise diversity as a powerful catalyst for effective decision-making and innovation. Achieving greater board diversity and assembling high-performing teams enables organisations to fully leverage the advantages of diverse perspectives and reduce groupthink - equipping them to address today's complex challenges.

Consider the strengths that 'invisible' diversity traits such as socio-economic backgrounds (SEB) and cognitive diversity amongst board members could bring into board discussions. A recent study on [Cognitive Diversity](#) in the asset management sector by the Diversity Project found that cognitive diversity strengthens investment teams' decision making by broadening perspectives and reducing groupthink but requires skilled leadership to manage different viewpoints without causing friction. Creating the right culture and environment that fosters psychological safety to 'unlock' better decision making is also key.

Our ['Balance in the boardroom'](#) report found that even though over half (53%) of FTSE100 companies stated SEB was a key consideration in recruiting new board members, nearly all (99%) of FTSE100 companies didn't publish SEB data of their board members in their annual reports. [Board members can play a vital role in improving socio-economic diversity](#) by 'sharing their own journey', examining opaque processes relating to promotions, fairer work allocation, identifying barriers and improving access to opportunities to reach board positions.

### Investor and proxy voting agency expectations

Be cognisant of how investors and proxy voting agencies are monitoring whether companies are meeting the 'Listing Rule' requirements on diversity targets, particularly gender and ethnicity, and are equally interested in whether the drive for diversity extends to the wider workforce - focusing on gender pay gap data and voluntary reporting on ethnicity pay gaps.

### Breadth of the talent pool

Think about the breadth of the talent pool from which new board members are sought. Challenge recruitment firms to provide a more diverse list of candidates and be specific about the skills and attributes required to attract candidates from a wider talent pool. Also review the style of language used in role descriptions.

- Does the nomination committee use personality testing or cognitive profiling to assess whether the board has a mix of skills sets, experiences and decision-making styles that best contribute to effective oversight and decision making?
- Has sufficient attention been given to recruiting directors with backgrounds in the third sector, academia, government, entrepreneurs and those from family businesses or with international experience?

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## Skillsets to enhance ESG and AI oversight

### The imperative for ESG competency

Oversight of Environmental, Social and Governance (ESG) related risks, opportunities and reporting - including regulatory requirements, new metrics and stakeholder pressure - starts with an ESG competent board.

Our [KPMG 2025 CEO Outlook UK survey](#) showed that most CEOs (74%) said they've fully embedded sustainability into their business and critical to their long-term success. Almost half (49%) say they're aligning sustainability goals with their core business strategy to demonstrate value to their stakeholders.

Wellbeing and Inclusion, Diversity & Equity (IDE) are a key pillar within an ESG framework. Given stakeholders review performance in this area boards should continue to drive progress.

Stakeholders will also look beyond what's needed to comply with legislative changes – they want to invest in, or work with businesses that demonstrate greater authenticity in their actions and performance.

### Asking the right questions about AI

Risks related to cyber security, AI and other new technology continue to pose major challenges for companies.

Whilst individuals with deep technological expertise can be hired at an executive level, board members need to be able to 'ask the right questions' and just as important, 'understand the answers', to be capable of contributing across the range of issues the board faces.

Oversight of ESG and AI risks and opportunities is a significant challenge, involving the full board and potentially multiple board committees.

- How is the nomination committee ensuring that the board and senior executive team have the appropriate ESG and technology skills and experience?
- Have the risks around inexperience associated with a board lacking in technology literacy or crisis management been evaluated?
- Are skillsets specifically addressed as part of the annual board evaluation exercise?
- Do the succession plans explicitly address ESG and AI competency?

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## The voice of the workforce and wider stakeholder perspectives

Stakeholder perspectives are relevant for all board appointments and should be considered as part of succession planning and the selection process.

Investor group [Railpen, through the Workforce Directors Coalition](#), are recommending a policy framework to encourage relevant companies to genuinely consider one or more workforce directors at board level.

Given the significant influence that a company's key stakeholders have on an organisation's success, the board's knowledge and understanding of the interests of stakeholders is vital.

To engage effectively with the workforce, the Code recommends one or combination of:

- a director appointed from the workforce; or
- a formal workforce advisory panel; or
- a designated non-executive director.

If the board doesn't choose one or more of these methods, then an explanation as to why an alternative arrangement is considered by the board to be effective should be offered.

- Is the nomination committee considering appointing a non-executive responsible for getting the voice of the workforce into the boardroom, if not should this be revisited? Is there a formal process?

- Are specific characteristics and skill sets sought? Has consideration been given to tenure and rotation issues? Is more than one designated NED necessary if the company has a large geographical footprint?

Workforce directors are still rare within the FTSE350. Nevertheless, they can provide tangible benefits to companies – particularly when talent development strategies are being adjusted to meet the challenge of finding, developing, and retaining talent amid a labour-constrained market.

- Does the decision to not have a workforce director need revisiting? What can be learned from those who have appointed workforce directors?

This is also an area of interest to investors so any disclosures should demonstrate how nomination committees assess board candidates' capabilities.

The nomination committee chair in particular should be wary of non-adherence to best practice, and can expect to be voted against if: the roles of the chief executive and chair have not been split; a senior independent director has not been appointed; the board has not conducted an externally facilitated evaluation of its effectiveness within the past three years; or an individual who has a significant conflict of interest, or whose past actions demonstrated a lack of integrity or inability to represent shareholder interests is nominated (or re-nominated) to the board.

## 07 Planning for increasingly active investors

In an environment where FTSE350 company directors face annual election, institutional investors are increasingly using targeted voting practices to register their displeasure at the board.

AI has become a key priority, requiring boards to define clear oversight and governance structures, and determine whether accountability sits at board or committee level. At the same time, ESG remains critical, with major investment firms signalling they will vote against directors at companies failing to take minimal steps to address climate-related risks.

Also, institutional investors (and proxy voting agencies) continue to closely monitor 'over-boarding' - a practice where individual directors are deemed to hold 'too many' roles.

Nomination committees should carefully consider whether individuals will be able to discharge their duties diligently and effectively when appointing new board members or when existing board members seek additional board mandates.

### The KPMG Board Leadership Centre

The KPMG Board Leadership Centre offers support and guidance to non-executive directors, whether managing a portfolio non-executive career or embarking on a first appointment. Membership offers you a place within a community of board-level peers with access to topical and relevant seminars, invaluable resources and thought leadership, as well as lively and engaging networking opportunities. We equip you with the tools you need to be highly effective in your role, enabling you to focus on the issues that really matter to you and your business.

Learn more at [www.kpmg.com/uk/blc](http://www.kpmg.com/uk/blc).

### Contact us



#### Krishna Grenville-Goble

Board Leadership Centre

T: +44 (0) 7917 558511

E: [krishna.grenvillegoble@kpmg.co.uk](mailto:krishna.grenvillegoble@kpmg.co.uk)

[kpmg.com/uk](http://kpmg.com/uk)



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Create | CRT164737A | December 2025