

The logo for SpencerStuart, featuring the brand name in a white, serif font against a background of colorful, faceted geometric shapes.

SpencerStuart

2020

Consumer Products Leadership Index

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The COVID-19 pandemic has affected consumers and businesses in innumerable ways, as individuals sheltered in place and economies shut down in response. Furthermore, the crisis is only exacerbating the challenges and uncertainties already facing business leaders from forces including geopolitics, more sophisticated consumer expectations, advancing digital and data technologies, and increased competition from startups and smaller companies.

For consumer products companies, the pandemic has driven increased demand for comfort foods, paper goods and nonperishable goods such as processed cheese and canned soup that had fallen out of favor relative to healthier alternatives in recent years. Meanwhile, revenues for products such as alcoholic beverages have declined largely due to the on-trade closures. Artificial demand and spikes in consumption of

household goods and cleaning products have exposed supply chain challenges.

The long-term effects of the crisis are yet to be seen, but leaders of nearly every industry will need to make bets for the future in the short term that will shape how well their organizations rebound out of the crisis. In this dynamic environment, leadership is more important than ever.

To understand the state of consumer products leadership today, Spencer Stuart has analyzed the composition of leadership teams and boards of the global top 50 consumer products companies by market capitalization (as of January 31, 2020), including 21 companies in the Americas, 19 in Europe and 10 in Asia. Drawing on publicly reported information, we look at how companies organize their top teams and the backgrounds of CEOs, leadership teams and boards.



Diversity, equity and inclusion: Answering the call for change

Around the world, demands for social change and justice are growing, as people look for governments and businesses to address longstanding disparities among ethnic groups, genders and other underrepresented people. Despite the calls for change, there is little transparency around diversity, equity and inclusion (DE&I) at the highest levels of leadership. Even in countries with gender quotas for boards, there are no reporting requirements related to boards' ethnic and racial makeup. This will almost certainly change in the future, as investors and other stakeholders demand more transparency. In the meantime, companies have an opportunity to lead by example and enhance their reporting of board and leadership team diversity, increasing transparency and accountability on a topic of global importance. During this pivotal time in history, actions and inactions alike communicate values and priorities to all stakeholders — shareholders, clients and employees.

For this report, we sought to learn more about the progress the top 50 consumer products companies are making toward diversity and inclusion within their boards and executive teams. Because this information is not collected and reported consistently, we worked to understand how these companies prioritize diversity, including whether they have a C-suite-level diversity leader and whether they have publicly committed to specific DE&I actions.

Diversity leadership role

Only four of the top 50 consumer products companies have a dedicated chief diversity, equity & inclusion officer (or similar title) that is part of the leadership team. All of these companies are located in the Americas. Twenty-six additional companies have identified DE&I leaders within senior management. As far as we are able to discern, however, these are not members of the executive leadership teams within their organizations.

DE&I leadership by region

| | Number of companies with a DE&I leader role | Percentage of companies by region |
|----------|---|-----------------------------------|
| Asia | 1 | 10% |
| Europe | 12 | 63% |
| Americas | 17* | 81% |

*Includes 4 chief diversity, equity and inclusion officers

Public information about DE&I stance

We analyzed the websites of each of the companies in our report to determine which had online content offering resources about DE&I for employees, prospective employees, clients and others. This evaluation is qualitative in nature and done on the basis of any representation versus none. No other specific criteria were used.

Online DE&I representation by region

| | Number of companies with DE&I section on website | Percentage of companies by region |
|----------|--|-----------------------------------|
| Asia | 4 | 40% |
| Europe | 19 | 100% |
| Americas | 19 | 95% |

Public commitment to increasing diversity

From a global perspective, a rigorous analysis of commitment to DE&I is complex. Inconsistencies in measurement and variances in how diversity is defined across regions, among other reasons, make comparisons challenging. For example, the term “equity” is much more prevalent in the Americas than in Europe or Asia. Yet, to better understand where the industry is with respect to this evolution, we examined existing, well-established programs and measures of DE&I within Europe and the Americas (established programs are less prevalent in Asia). Promisingly, 78% of the top 50 consumer products companies were positively referenced by or committed to one or more of these initiatives.

Of the 19 companies based in Europe, 63% are either 1) part of the Foundation LEAD¹ Network, 2) signatories of the Embrace Difference pledge² or 3) included in The Financial Times Diversity Leaders 2020³ rankings. In the Americas, 95% of the 20 companies in our study are either signatories of CEO Action for Diversity & Inclusion⁴ or are included in the Corporate Equality Index 2020⁵ ratings.

¹Foundation LEAD Network

²Embrace Difference

³The Financial Times

⁴CEO Action for Diversity & Inclusion

⁵Human Rights Campaign

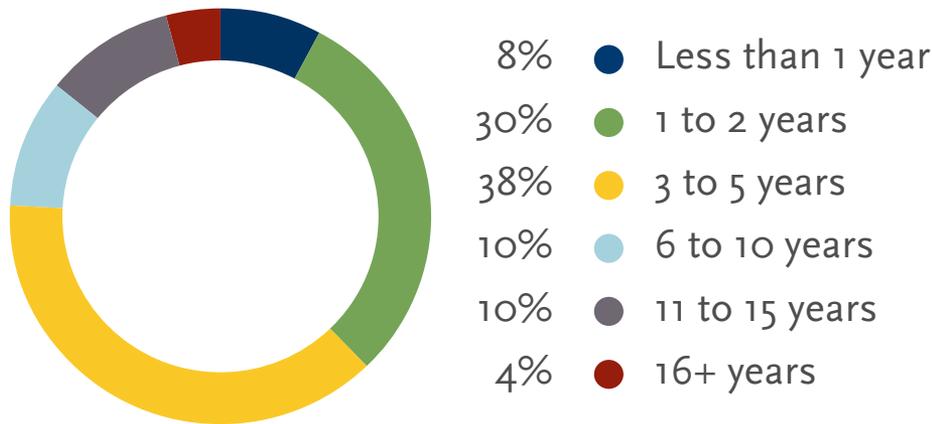


The CEO and leadership team

Chief executive officers

Top 50 consumer products company CEOs have been in the role for 4.9 years on average and been with their companies an average of just under 21 years (20.8 years). 76% of CEOs have been in the role for five years or less.

CEO tenure



Not surprisingly, given their average company tenure, 80% of consumer products CEOs were promoted to the CEO role from within the company and are serving as CEO for the first time. 20% of the top 50 consumer products company CEOs were hired from outside their companies; 90% of the external hires held CEO positions in the past. Only one of the externally hired CEOs comes from outside of the consumer products sector (healthcare).

40% of the CEOs also serve as the board chair. This governance structure is most common in the U.S., where 13 of the 20 CEOs also are board chair.

Only two of the top 50 consumer products CEOs are women: Michele Buck at Hershey and Chen Lin at Wuliangye Yibin were promoted internally and have been with their companies 15 and 40 years, respectively.

26% of CEOs are non-nationals — defined as nationalities different from those of the company headquarters location — although the prevalence of non-national CEOs varies greatly by region. 37% of CEOs of European companies and 28% of CEOs of companies in the Americas are non-nationals, while all CEOs of Asian companies are the same nationality as the company headquarters.

Marketing is the primary functional background for more than one-third (36% or 18 CEOs) of the top 50 consumer products CEOs, by far the most common functional background. This is especially true in Europe and the Americas. Finance is the next most common functional background overall, although CEOs in the Americas are more likely to have a functional background in operations/supply chain than in finance.

CEO functional backgrounds

| | Americas | Europe | Asia | Total |
|--------------------------|----------|--------|------|-------|
| Marketing | 18% | 16% | 2% | 36% |
| Finance | 6% | 12% | 4% | 22% |
| Sales/Commercial | 6% | 6% | - | 12% |
| Operations/Supply Chain | 8% | - | 4% | 12% |
| Consulting | 2% | 4% | - | 6% |
| Strategy | 2% | - | 2% | 4% |
| Technology | - | - | 2% | 2% |
| Quality, R&D, Innovation | - | - | 2% | 2% |
| Unknown | - | - | 4% | 4% |

Leadership teams

Most companies identify their leadership teams on their website, but refer to them in different ways, such as “executive leadership team,” “senior leaders” or “executive management committee.” Leadership teams also vary in composition; some are heavy on functional leaders, while others have more divisional or regional

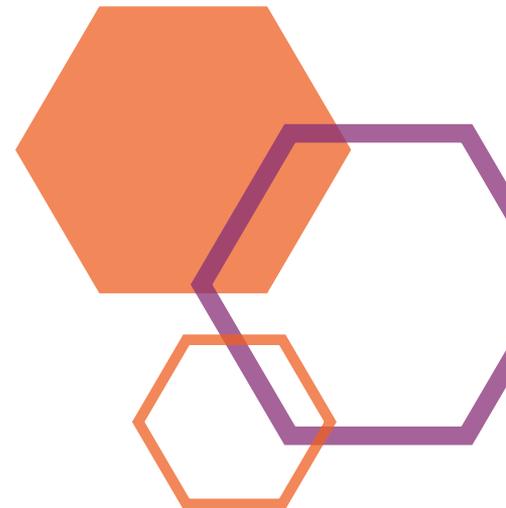
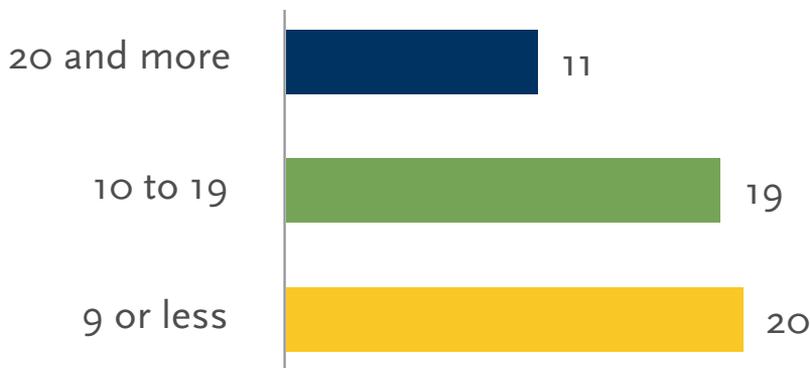
leaders. Differences may be explained by regional, legal, governance and cultural differences, company culture, ownership structure, or strategic or organizational differences. Comparisons were done as directional in nature.

Team composition

The top 50 consumer products company leadership teams have 13 members on average. Asia consumer products companies skew larger, with 15.1 members on

average, while the average size of leadership teams in Europe is just 10.4 members.

Leadership team size



Other than the CEO and top finance leader roles, the composition of top 50 consumer products leadership teams appears to vary widely. More than 70% of the companies have human resources leaders and regional leaders as members of the top team. Legal/risk compliance, category/brand and operations leaders are other common executive team members. By comparison, growth officers, sustainability officers and diversity officers are rarer, on 14%, 12% and 8% of management teams, respectively.

Functions within organizations and their respective responsibilities continue to evolve. Sales, marketing and other commercial roles play a critical role in consumer products companies even as some have replaced the role of chief marketing officer with a chief growth officer, for example. To provide a better sense of these trends, we highlight representation of select roles (including chief marketing officer, chief sales officer, chief growth officer and similar) within the top 50 company leadership teams.

Marketing and commercial roles*

| Role | Companies with the role |
|--------------------------|-------------------------|
| Chief marketing officer | 10 |
| Chief growth officer | 7 |
| Chief commercial officer | 4 |
| Chief customer officer | 2 |
| Chief sales officer | 1 |
| Chief consumer officer | 1 |

*For consistency, these totals only include CXOs but exclude senior vice presidents and related titles.

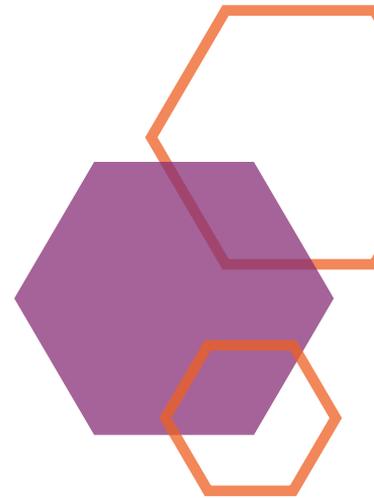
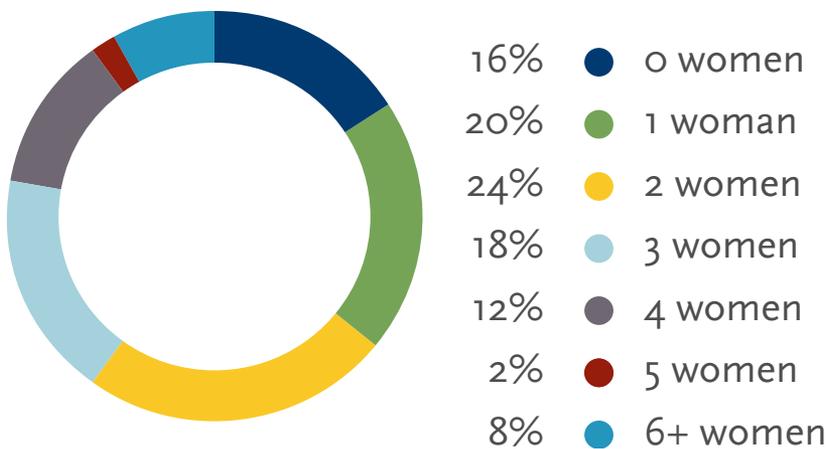
Top 50 consumer products company leaders tend to have long tenures with their companies. On average, these leaders have been with their companies for 19.1 years and in their roles for 3.6 years. Finance leaders and general managers have the longest average tenure in their roles at 5.1 years, the only positions with an average tenure longer than CEOs'. Marketing leaders, strategy executives and growth officers have the shortest average tenures (2.4, 1.8 and 1.6 years, respectively).

Women in leadership

19% of consumer products top 50 executives are women, a slight increase from 17.5% in 2019. One-quarter of executives on Americas consumer products company leadership teams and 21% of those in Europe are women; 7% of Asia company executives are women.

Nearly two-thirds of companies, 64%, have two or more women on their leadership team, while 16% have no top female leaders. One company has 14 women executives, representing 41% of the leadership team.

Representation of women executives on Top 50 consumer products leadership teams



Boards of directors and supervisory boards

Top 50 consumer products company boards have 12 members on average, including employee representatives. Consumer products companies in the Americas and Europe have the largest boards, with 12 members on average, versus 10 in Asia. The average age of the board members is 60, unchanged from 2019.

Non-executive directors (NED)

77% of top 50 consumer products company board members are non-executive directors, including lead directors. Boards in the Americas have the highest representation of non-executive directors, with 88%. European boards have employee representatives that account for 15% of the board members. Non-executive directors are 61 years old on average and range in age from 32 to 87. They have served on their boards for an average of eight years.

Boards of companies in the Americas have the longest average tenure (nine years), followed by Europe (seven years) and Asia (four years). Six European boards and seven boards in the Americas have an average tenure of 10 or more years.

Average board tenure

| | Europe | Americas | APAC |
|-----------------------|--------|----------|------|
| Longest board tenure | 15 | 22 | 9 |
| Shortest board tenure | 3 | 3 | 2 |

Female directors

31% (versus 28% last year) of all board members are women, as are 36% of non-executive directors (versus 35% last year). The representation of women on boards varies widely by region, in part because a number of countries in Europe have quotas or targets for female representation. Those targets include 30% (in Switzerland, Netherlands and Germany), 33% in the UK and Belgium, and 40% in France, Ireland and Norway. Only Finland requires that 50% of board members are women.

Female representation by director type

| | Americas | Europe | APAC |
|---------------|----------|--------|------|
| All directors | 31% | 36% | 20% |
| NED | 35% | 42% | 25% |

All boards but one have at least one female director, with 76% having three or more non-executive director women.

Female director representation by region*

| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|----------|-----|-----|-----|-----|-----|-----|-----|-----|----|
| Global | 2% | 12% | 10% | 18% | 24% | 22% | 4% | 6% | 2% |
| Americas | 0% | 5% | 5% | 29% | 29% | 29% | 0% | 5% | 0% |
| Europe | 0% | 5% | 11% | 11% | 26% | 21% | 11% | 11% | 5% |
| APAC | 10% | 40% | 20% | 10% | 10% | 10% | 0% | 0% | 0% |

*Data may not total 100% due to rounding.

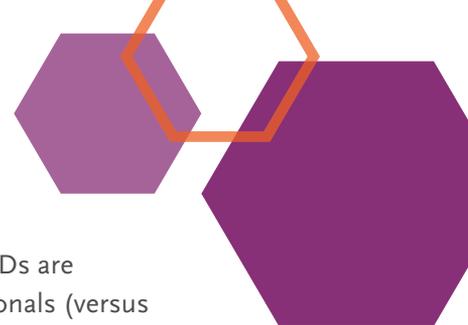
Nationalities

18% of non-executive directors (versus 20% last year) of consumer products companies in the Americas are non-nationals, and they represent 22 nationalities. Among the 10 Asian companies, only two of the 72 non-executive directors are non-nationals (British and American nationals).

In Europe, 23 (versus 27 last year) nationalities are represented across the boards; among

non-executive directors, 77% are European nationals (versus 73% last year), while of the non-European NEDs, 14% are American nationals (versus 10% last year).

24% of top 50 consumer products company board chairs are non-nationals, versus 22% last year.



New non-executive directors

Twenty-six companies (52%) added at least one new non-executive director (NED) to the board, compared with 33 companies (66%) in 2019.

The average age of new non-executive directors is 59, and they range in age from 49 to 68.

50% of new NEDs have CEO experience versus 56% in 2019; 22% have CFO experience, the same as in 2019.

Half (50%) of new non-executive directors are women (11 out of 19 in the Americas, 11 out of 19 in Europe and one in APAC). This compares with 44% last year.

Thirteen of the 23 new female NEDs are American, and eight are non-nationals (versus four in 2019).

Seven of the 23 female non-executive directors have CEO experience, compared with two in 2019, and five have CFO experience. Eleven have functional background in finance, and seven in sales and marketing.

Fourteen of the 46 new non-executive directors, 30%, are current or former CEOs, COOs, presidents or chairs. Other common functional backgrounds for new directors are division/subsidiary presidents, line or functional leaders and finance executives.

New NED functional background*

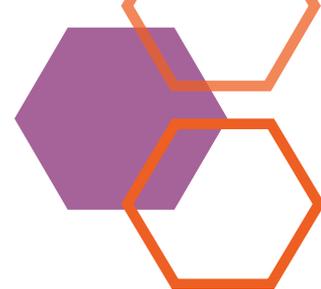
| Function | # with this background |
|--------------------------------------|------------------------|
| CEO/chair/president/COO | 14 |
| Division/subsidiary presidents | 7 |
| Line and functional leaders | 6 |
| Financial executives/CFOs/treasurers | 7 |
| Government/military/others | 3 |
| Consultants | 2 |
| Bankers/investment bankers | 2 |

*Does not reflect all NED functional backgrounds but only those sourced from publicly available information.

39% of new NEDs have a consumer products industry background. Financial services is the next most common industry background.

New NED industry background

| Industry | # with this background |
|--|------------------------|
| Consumer products | 18 |
| Financial services | 13 |
| Industrial | 5 |
| Education, nonprofit & government | 4 |
| Professional services | 4 |
| Technology, media & telecommunications | 2 |



Board chairs and lead directors

On average, all board chairs have served on the board for six years before becoming chair.

More than half (28 of 50) of board chairs have been in their position for less than three years, including nine elected in the past year. On average, board chairs have been in their position for four years.

Similar to 2019, 20 of the top 50 consumer products board chairs — 40% — are also the current CEO of their companies. This is most common in the Americas, where 13 of 21 board chairs combine the CEO role. In Asia, three out of 10 board chairs are also the CEO, as are four of 19 chairs in Europe (all in France).

54% (27 out of 50) of all board chairs come from within the company and are a former company executive: 16 of 21 chairs in Americas are internal, as are six of 19 in Europe and five of 10 in APAC).

56% of the chairs have a primary background in consumer products; 33% have a functional background in sales and marketing, and 20% have a finance background.

56% (versus 54% in 2019) of the top 50 consumer products companies have a lead or senior independent director. This role exists in five countries: 17 are located in the U.S., seven in the UK, two in France, one in Ireland and one in Switzerland.

Six lead directors are women (versus four in 2019), and four board chairs are women (versus one last year).

Board leadership demographics

| | Average Age | Average Tenure in Role | % with CEO Experience | % Serving on an Additional Public Company Board |
|---------------------------|-------------|------------------------|-----------------------|---|
| Board chair | 60 | 4 years | 82% | 52% |
| Lead independent director | 66 | 6 years | 75% | 71% |

Board committees

Boards have 3.85 committees on average; the five largest companies by market capitalization tend to have more committees — 4.75, on average. The Coca-Cola Company has the most committees, with seven.

Companies with a combined chair/CEO have more committees on average than those that separate the board and CEO roles, 4.25 and 3.55, respectively.

Only four companies — Procter & Gamble Co., Altria Group, Philip Morris International and Kraft Heinz Company — have a separate committee dedicated to digital innovation planning and supervision.



Mandatory retirement age

Just over half of top 50 consumer products companies (54%), including all of the U.S. companies, report having a mandatory retirement age for boards of directors. Among those that do, the retirement age is set between 67 and 73. Companies in China, Japan and Mexico tend not to have mandatory retirement requirements.

Methodology

Companies included in this study are the top 50 publicly listed consumer products companies based on their market cap as of January 2020. We identified approximately 600 individuals on executive leadership teams. Our findings are based on the publicly available information on company investor relations pages and in company financial filings. Because the top 50 list of companies is subject to change, year-over-year comparisons are directional only. While we were able to evaluate the backgrounds of the vast majority of executives to varying degrees, transparency into executive leadership teams does vary by region. As not all data on boards and leadership teams is publicly disclosed, we may not have complete data for every company.

Reporting on top global consumer packaged goods companies and their executive leadership teams and board of directors is based on company filings and other publicly available data from April 1, 2019 to April 1, 2020. Executive changes past this date are not reflected in this analysis.

Top 50 consumer products companies by region and industry

| | Number of companies | | | Total |
|--------------------|---------------------|-----------|-----------|-----------|
| | Asia | Europe | Americas | |
| Beverages | 4 | 6 | 7 | 17 |
| Food | 2 | 5 | 8 | 15 |
| Household products | | 3 | 3 | 6 |
| Personal products | 2 | 3 | 1 | 6 |
| Tobacco | 2 | 2 | 2 | 6 |
| Total | 10 | 19 | 21 | 50 |



Global Top 50 Companies

Companies are listed in order of market capitalization, as of January 31, 2020, from largest to smallest. Companies ranged in market cap from \$318.9 billion to \$21.0 billion.

| | |
|---|----------------|
| Nestlé S.A. | Switzerland |
| The Procter & Gamble Company | United States |
| The Coca-Cola Company | United States |
| PepsiCo, Inc. | United States |
| Kweichow Moutai Co., Ltd. | China |
| L'Oréal S.A. | France |
| The Unilever Group | Netherlands |
| Anheuser-Busch InBev SA/NV | Belgium |
| Philip Morris International Inc. | United States |
| British American Tobacco p.l.c. | United Kingdom |
| Diageo plc | United Kingdom |
| Altria Group, Inc. | United States |
| Mondelez International, Inc. | United States |
| The Estée Lauder Companies Inc. | United States |
| Wuliangye Yibin Co., Ltd. | China |
| Heineken N.V. | Netherlands |
| Colgate-Palmolive Company | United States |
| Reckitt Benckiser Group plc | United Kingdom |
| Danone S.A. | France |
| Kimberly-Clark Corporation | United States |
| Pernod Ricard SA | France |
| Henkel AG & Co. KGaA | Germany |
| Foshan Haitian Flavouring and Food Company Ltd. | China |
| ITC Limited | India |
| Keurig Dr Pepper Inc. | United States |
| Kao Corporation | Japan |
| Japan Tobacco Inc. | Japan |
| The Kraft Heinz Company | United States |
| Constellation Brands, Inc. | United States |
| Monster Beverage Corporation | United States |
| The Hershey Company | United States |
| General Mills, Inc. | United States |
| Brown-Forman Corporation | United States |
| Fomento Económico Mexicano, S.A.B. de C.V. | Mexico |
| Tyson Foods, Inc. | United States |
| Associated British Foods plc | United Kingdom |
| Inner Mongolia Yili Industrial Group Co., Ltd. | China |
| Shiseido Company, Limited | Japan |
| Beiersdorf Aktiengesellschaft | Germany |
| Hormel Foods Corporation | United States |
| Coca-Cola European Partners plc | United Kingdom |
| Imperial Brands PLC | United Kingdom |
| Kellogg Company | United States |
| Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. | China |
| Kerry Group plc | Ireland |
| Essity AB | Sweden |
| McCormick & Company, Incorporated | United States |
| Carlsberg A/S | Denmark |
| Asahi Group Holdings, Ltd. | Japan |
| Chocoladefabriken Lindt & Sprüngli AG | Switzerland |

CONSUMER PRODUCTS LEADERSHIP TEAM

Jonathan Harper (London), Global and Europe, Middle East and Africa Leader

Heidi Sandreuter (New York), North America Leader

Jwee San Tan (Singapore), Asia Pacific Leader

Ricardo Rocco (Miami), Latin America Leader

ABOUT SPENCER STUART

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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