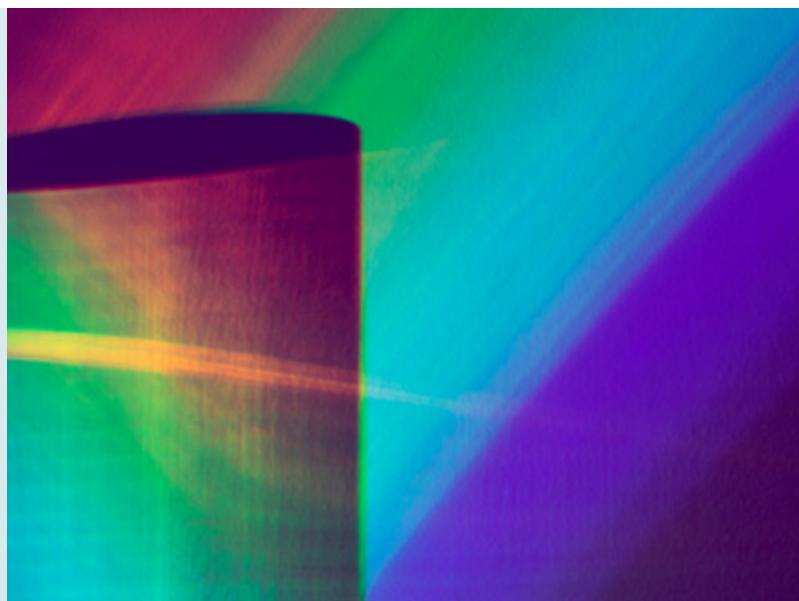


2021 Spencer Stuart Consumer Sector Snapshot



Boards of consumer companies in the S&P 500 index tend to be younger and more diverse than S&P 500 boards as a whole. In other respects, governance practices and structures of consumer companies — consisting of 94 companies in the S&P 500 consumer staples and consumer discretionary primary sectors — are comparable to other S&P 500 boards.

- » The average age of independent directors on consumer boards is 61.9 years, lower than the 63.0 year average for S&P 500 boards.
- » The youngest average age of a consumer board is 49.5 years, and the oldest is 72.8.
- » Consumer boards average 11.0 directors, compared to 10.8 members on S&P 500 boards overall.
- » Independent directors represent 84% of all directors on consumer boards, compared to 86% for the S&P 500 universe.
- » The average board tenure of independent directors on consumer boards is 7.9 years, just above the S&P 500 average of 7.8 years.
- » The longest-tenured consumer board is 13.8 years.

Editor's Note: The data in this report is taken from the 2021 *U.S. Spencer Stuart Board Index* which is based on our analysis of the most recent proxy reports from the S&P 500. The 2021 edition of the index draws on the latest DEF14A proxy statements from 493 companies filed with the SEC between May 28, 2020, and May 13, 2021.

Data in tables and charts may not total 100% due to rounding.

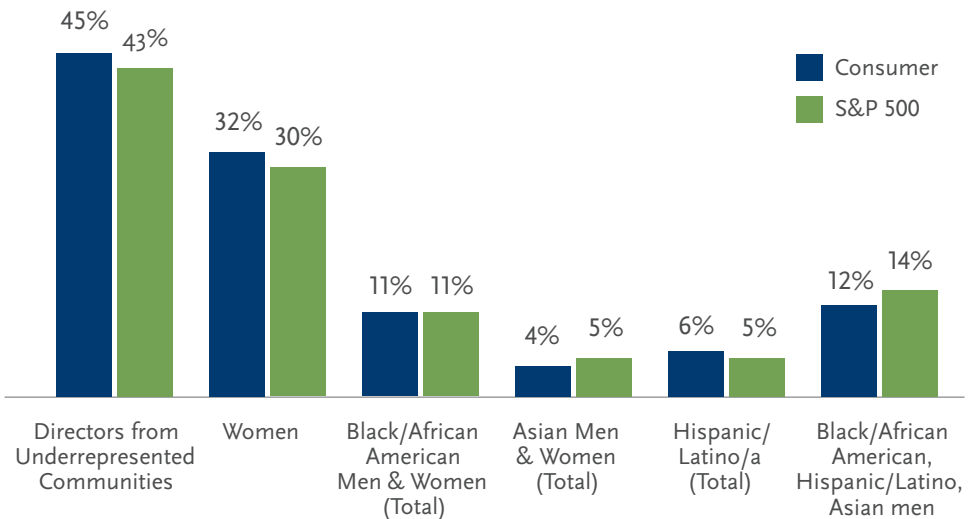
Diversity

The diversity of consumer boards outpaces the S&P 500 universe, with directors from underrepresented communities (women, Black/African American, Hispanic/Latino and Asian men) constituting 45% of directors on consumer boards, compared with 43% of S&P 500 boards and tied with two other sectors (information technology and utilities) as the second-highest percentage of directors from underrepresented communities. Gender diversity of consumer boards is the highest of all primary sectors, with women representing 32% of all consumer board members in 2021, compared with 30% of all S&P 500 directors.

Both the consumer sector and the S&P 500 index fall short of reflecting U.S. demographics, where, according to the U.S. Census Bureau, 51% of the U.S. population are women and about 42% identify as Hispanic/Latino/a (18.5%), Black/African American (13.4%), Asian (5.9%), American Indian or Alaskan native (1.3%), or multiracial (2.8%).

Just over one-quarter (26%) of consumer companies disclosed director-specific race/ethnicity details just below the 28% average for all S&P 500 companies. Thirty-nine percent (39%) of the sector disclosed a commitment to including directors from underrepresented communities in searches for new directors, matching the S&P 500 as a whole.

DIVERSITY OF CONSUMER BOARDS



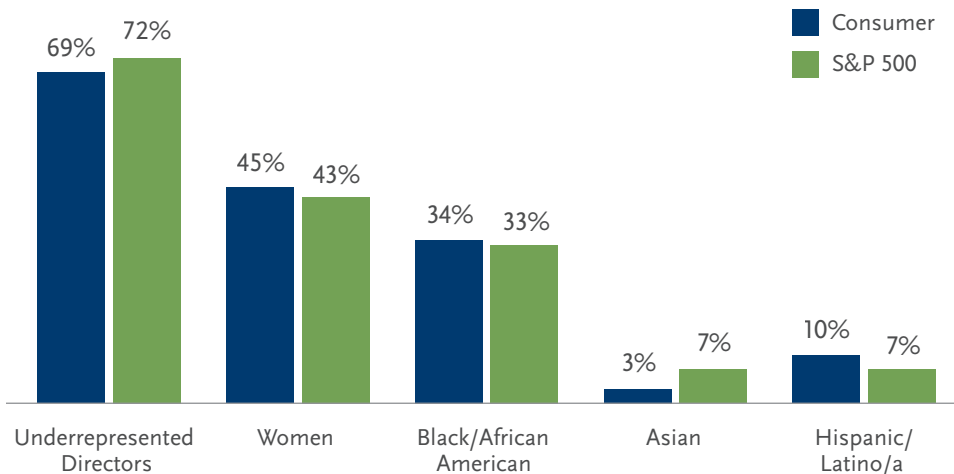
Five consumer boards (5% of sector) have no Black/African American, Hispanic/Latino/a and Asian directors. In contrast, 37 (8%) S&P 500 boards have no Black/African American, Hispanic/Latino/a or Asian directors. Ninety-six percent (96%) of the S&P 500 index have at least two female directors, and two-thirds (72%) of S&P 500 boards have three or more female directors. In contrast, 79% of the consumer boards have three or more women directors. Sixteen S&P 500 boards are composed of at least 50% women, including seven consumer boards, the most of all primary sectors.

New independent director backgrounds

Sixty-one companies — 65% of the sector, the second highest percentage of all S&P 500 primary sectors — have added at least one independent director over the past year. Appointees averaged 56.0 years of age, lower than the 57.5 average for all independent directors joining S&P 500 boards and the lowest average of all sectors. First-time directors represented 38% of independent directors joining consumer boards — slightly higher than the 35% overall average.

Directors from underrepresented communities constituted 69% of the 93 independent directors joining consumer boards over the past year, compared to 72% of independent directors joining S&P 500 boards.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING CONSUMER BOARDS



Fifty-nine percent (59%) of the independent directors joining consumer boards are actively employed, compared to 56% of independent directors joining S&P 500 boards. Compared to the S&P 500 incoming class of independent director, in 2021, consumer boards recruited a relatively high percentage of CEOs, division/subsidiary and functional leaders — and the lowest percentage of financial professionals of all primary sectors.

NEW INDEPENDENT DIRECTOR FUNCTIONAL BACKGROUNDS

	2021 Consumer	2021 S&P 500
CEOs	25%	22%
<i>Active</i>	14%	12%
<i>Retired</i>	11%	10%
Chairs/presidents/COOs	4%	4%
<i>Active</i>	3%	2%
<i>Retired</i>	1%	2%
Line/functional leaders	25%	21%
Division/subsidiary leaders	14%	12%
Finance/accounting executives	18%	27%
<i>Financial executives/CFOs/treasurers</i>	9%	13%
<i>Investment managers/investors</i>	6%	8%
<i>Bankers/investment bankers</i>	3%	3%
<i>Public accounting executives</i>	0%	3%
Academics/nonprofit executives	4%	4%
Consultants	1%	1%
Legal	4%	4%
Others	4%	5%

Board leadership

The chair and CEO roles are separated on 69% of consumer boards — higher than the 59% average for the S&P 500 index. Executive chairs are most prevalent on consumer boards: 27%, the highest of all primary sectors, versus 15% for the S&P 500 as a whole. Consumer boards, on average, have a slightly lower percentage of independent board leaders: 36% have independent chairs (compared to 37% of the S&P 500), and 67% have an independent lead director (compared to 70% of the S&P 500).

Board organization and process

Consumer board governance processes and structures generally align with averages for the S&P 500 index.

BOARD ORGANIZATION AND PROCESS

	2021 Consumer	2021 S&P 500
Classified board	10%	10%
Board meetings (avg #)	9.3	9.4
Board committees (avg #)	4.0	4.2
Audit committee		
<i>Size (avg #)</i>	4.4	4.5
<i>Meetings (avg #)</i>	8.1	8.4
Compensation committee		
<i>Size (avg #)</i>	4.1	4.3
<i>Meetings (avg #)</i>	6.2	6.2
Nominating/governance committee		
<i>Size (avg #)</i>	4.3	4.4
<i>Meetings (avg #)</i>	4.7	4.7
Mandatory retirement	69%	70%
Retirement age (avg)	73.2	73.7

Consumer Sector Companies

Advance Auto Parts
 Altria Group
 Amazon.com
 Aptiv PLC
 Archer-Daniels-Midland Company
 AutoZone
 Best Buy Co.
 Booking Holdings
 BorgWarner
 Brown-Forman Corporation
 Caesars Entertainment
 Campbell Soup Company
 CarMax
 Carnival Corporation
 Chipotle Mexican Grill
 Church & Dwight Co.
 Colgate-Palmolive Company
 Conagra Brands
 Constellation Brands
 Costco Wholesale Corporation
 D.R. Horton
 Darden Restaurants
 Dollar General Corporation
 Dollar Tree
 Domino's Pizza
 eBay
 Etsy
 Expedia Group
 Ford Motor Company
 Garmin
 General Mills
 General Motors Company
 Genuine Parts Company
 Hanesbrands
 Hasbro
 Hilton Worldwide Holdings
 Hormel Foods Corporation
 Kellogg Company
 Kimberly-Clark Corporation
 L Brands
 Lamb Weston Holdings
 Las Vegas Sands Corporation
 Leggett & Platt
 Lennar Corporation
 LKQ Corporation
 Lowe's Companies
 Marriott International
 McCormick & Company
 McDonald's Corporation
 MGM Resorts International
 Mohawk Industries
 Molson Coors Brewing Company
 Mondelēz International
 Monster Beverage Corporation
 Newell Brands
 NIKE
 Norwegian Cruise Line Holdings
 NVR
 O'Reilly Automotive
 Penn National Gaming
 PepsiCo
 Phillip Morris International
 Pool Corporation
 PulteGroup
 PVH Corporation
 Ralph Lauren Corporation
 Ross Stores
 Royal Caribbean Cruises Ltd.
 Starbucks Corporation
 Sysco Corporation
 Tapestry
 Target Corporation
 Tesla
 The Clorox Company
 The Coca-Cola Company
 The Estee Lauder Companies
 The Gap
 The Hershey Company
 The Home Depot
 The J.M. Smucker Company
 The Kraft Heinz Company
 The Kroger Co.
 The Procter & Gamble Company
 The TJX Companies
 Tractor Supply Company
 Tyson Foods
 Ulta Beauty
 Under Armour
 V.F. Corporation
 Walgreens Boots Alliance
 Walmart
 Whirlpool Corporation
 Wynn Resorts Limited
 Yum! Brands



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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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