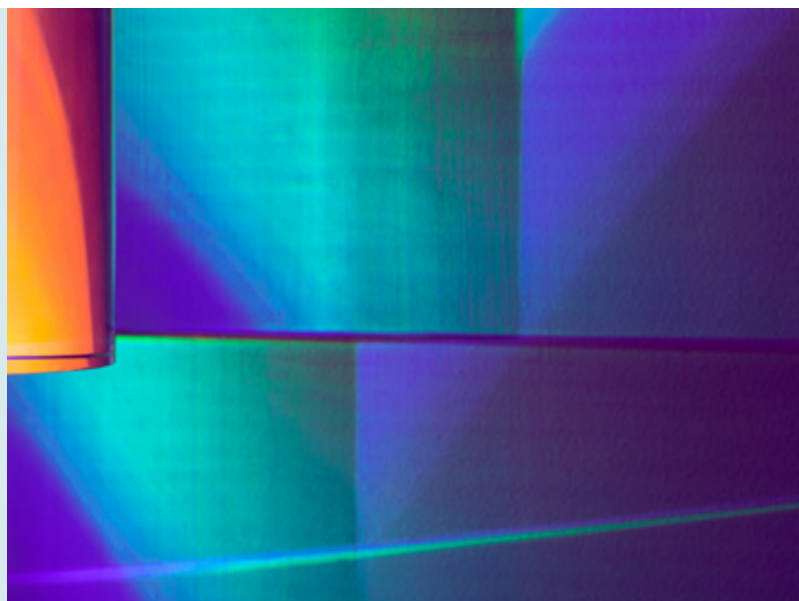


2021 Spencer Stuart Energy Sector Snapshot



Boards of energy companies in the S&P 500 — a group of 22 companies — tend to be older, less tenured and less diverse than S&P 500 boards as a whole.

- » The average age of independent directors on energy boards is 64.6, higher than the S&P 500 average of 63.0 and the highest of all S&P 500 primary sectors.
- » The youngest average age of an energy board is 60.3 years and the oldest is 71.7.
- » Energy boards average 10.5 members, slightly less than the 10.8 director average for S&P 500 company boards.
- » Independent directors represent 86% of all directors on energy boards, matching the 86% average for the S&P 500 universe.
- » The average tenure of independent directors on energy boards is 6.5 years, below the S&P 500 average of 7.8 years and the lowest of all S&P 500 primary sectors.
- » The longest-tenured energy board is 11.8 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.

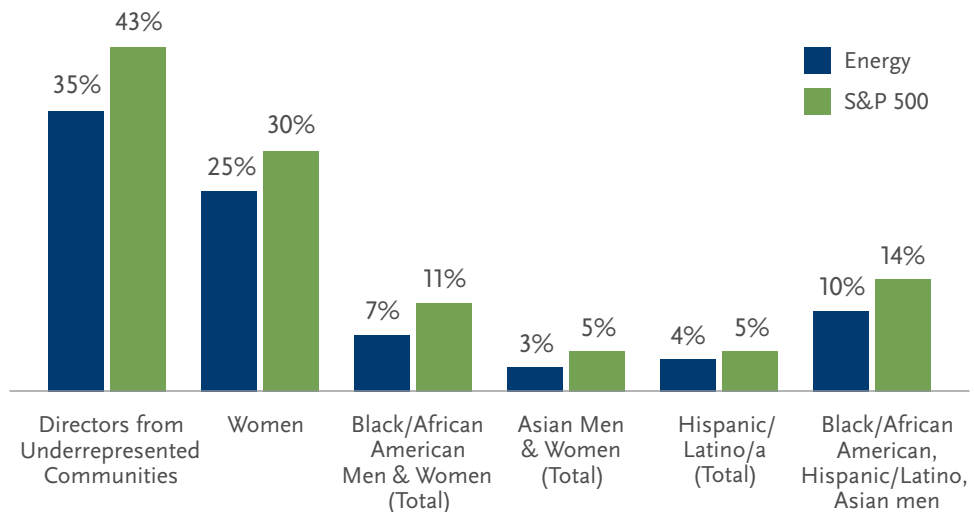
Diversity

The diversity of energy boards lags behind the rest of the S&P 500 universe, with directors from underrepresented communities (women, Black/African American, Hispanic/Latino and Asian men) constituting 35% of directors on energy boards, the lowest of all primary sectors and significantly below the 43% of S&P 500 boards as a whole. Women represent 25% of all energy board members in 2021, below the 30% of S&P 500 directors. Energy boards tie information technology boards for the lowest percentage of Black/African American directors (7%), and have the lowest percentage of female directors (25%) and Black/African American, Hispanic/Latino and Asian men directors (10%).

Both the energy sector and the S&P 500 index fall short of reflecting U.S. demographics. 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%), African-American/Black (13.4%), Asian (5.9%), American Indian or Alaskan native (1.3%), or multiracial (2.8%).

Energy boards appear to be focusing on enhancing board diversity. More than half (55%) of the sector disclosed a commitment to including directors from underrepresented communities in searches for new directors — the highest of all primary sectors and significantly higher than the 39% average. About one-third (32%) of energy companies disclosed director-specific race/ethnicity details, compared to 28% of S&P 500 boards.

DIVERSITY OF ENERGY BOARDS



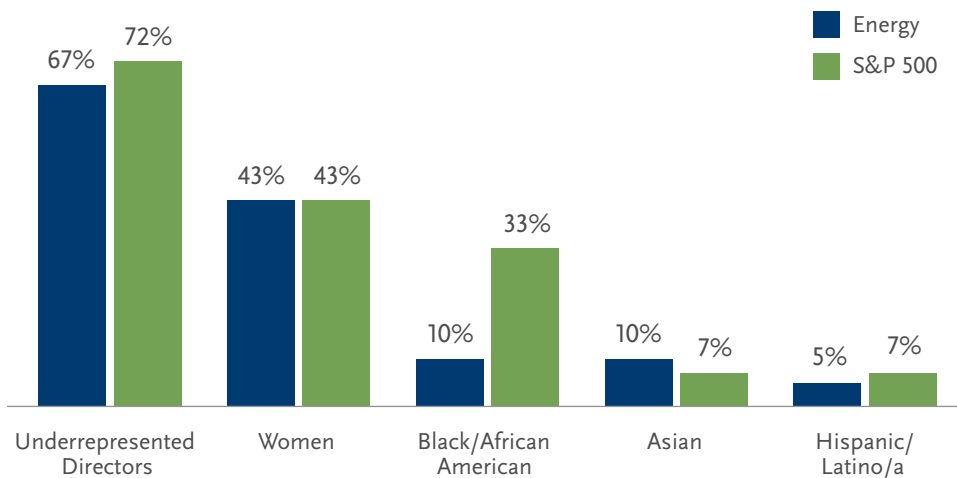
Four energy boards (18% of the sector) have no Black/African American, Hispanic/Latino/a or Asian directors. In contrast, 37 (8%) S&P 500 boards have no Black/African American, Hispanic/Latino/a or Asian directors. Ninety-six percent (96%) of the S&P 500 index have at least two female directors, and two thirds (72%) have three or more female directors. In contrast, only 41% of energy boards have three or more women directors, the lowest of all sectors. Sixteen S&P 500 boards are composed of at least 50% women. No energy boards are at least 50% women.

New independent director backgrounds

Fourteen energy companies — 64% of the surveyed group — have added at least one independent director over the past year. Appointees averaged 58.5 years of age, older than the 57.5 average for all independent directors joining S&P 500 boards and the second highest average of the primary sectors. First-time directors represented 5% of independent directors joining energy boards — significantly lower than the 28% overall average and the lowest of all primary sectors.

Directors from underrepresented communities constituted 67% of the 21 independent directors joining energy boards over the past year, compared to 72% of the independent directors joining S&P 500 boards — and the lowest of all sectors. Only 10% of independent directors joining energy sector boards in 2021 are Black/African American, the lowest of all primary sectors and significantly lagging behind the 33% of independent directors joining the S&P 500.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING ENERGY BOARDS



Twenty-four percent (24%) of the independent directors joining energy boards are actively employed, the lowest of primary sectors and less than half the 56% of actively employed independent directors joining S&P 500 boards. Compared to all S&P primary sectors, energy boards recruited in 2021 the highest percentage of chairs/presidents/COOs and financial executives and the lowest percentage of line/functional leaders.

NEW INDEPENDENT DIRECTOR FUNCTIONAL BACKGROUNDS

	2021 Energy	2021 S&P 500
CEOs	29%	22%
<i>Active</i>	10%	12%
<i>Retired</i>	19%	10%
Chairs/presidents/COOs	10%	4%
<i>Active</i>	0%	2%
<i>Retired</i>	10%	2%
Line/functional leaders	14%	21%
Division/subsidiary leaders	5%	12%
Finance/accounting executives	38%	27%
<i>Financial executives/CFOs/treasurers</i>	14%	13%
<i>Investment managers/investors</i>	14%	8%
<i>Bankers/investment bankers</i>	0%	3%
<i>Public accounting executives</i>	10%	3%
Academics/nonprofit executives	0%	4%
Consultants	0%	1%
Legal	0%	4%
Others	5%	5%

Board leadership

Just over half (55%) of the energy companies separate the chair and CEO roles — below the 59% S&P 500 average. Independent chairs are in place at 41% of energy companies, slightly ahead of the 37% of the S&P 500 index overall. Nearly two-thirds (64%) of all energy companies have an independent lead or presiding director versus 70% of the S&P 500.

Board organization and process

As detailed below, energy boards meet more often and committees meet less often than the overall S&P 500 index. While 70% of S&P 500 boards have adopted mandatory retirement policies, 86% of energy boards have age limits for directors — the second highest percentage of all S&P 500 primary sectors.

BOARD ORGANIZATION AND PROCESS

	2021 Energy	2021 S&P 500
Classified board	9%	10%
Board meetings (avg #)	10.4	9.4
Board committees (avg #)	4.0	4.2
Audit committee		
<i>Size (avg #)</i>	4.9	4.5
<i>Meetings (avg #)</i>	7.4	8.4
Compensation committee		
<i>Size (avg #)</i>	4.5	4.3
<i>Meetings (avg #)</i>	5.6	6.2
Nominating/governance committee		
<i>Size (avg #)</i>	4.6	4.4
<i>Meetings (avg #)</i>	4.3	4.7
Mandatory retirement	86%	70%
Retirement age (avg)	74.1	73.7

Energy Sector Companies

APA Corporation
 Baker Hughes
 Cabot Oil & Gas Corporation
 Chevron Corporation
 ConocoPhillips
 Devon Energy Corporation
 Diamondback Energy
 EOG Resources

Halliburton Company
 Hess Corporation
 HollyFrontier Corporation
 Kinder Morgan
 Marathon Oil Corporation
 Marathon Petroleum Corporation
 NOV
 Occidental Petroleum Corporation

ONEOK
 Phillips 66
 Pioneer Natural Resources Company
 Schlumberger Limited
 The Williams Companies
 Valero Energy Corporation



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 non-profit 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.

Social Media @ Spencer Stuart

Stay up to date on the trends and topics that are relevant to your business and career.

    @Spencer Stuart

© 2021 Spencer Stuart. All rights reserved.
For information about copying, distributing and displaying this work,
contact: permissions@spencerstuart.com.

