

2021 Spencer Stuart Information Technology Sector Snapshot

Boards of information technology sector companies in the S&P 500 — a universe of 74 companies — tend to be smaller, younger and less tenured than S&P 500 boards as a whole.

- » The average age of independent directors on information technology boards is 62.6, slightly younger than the S&P 500 average of 63.0.
- » The youngest average age of an IT board is 53.3 years, and the oldest is 73.2.
- » IT boards average 9.8 members, one fewer director than the 10.8 director average for S&P 500 company boards and the smallest of all S&P 500 primary sectors.
- » Independent directors represent 86% of all directors on information technology company boards, identical to the 86% average for the S&P 500 universe.
- » The average tenure of independent directors on IT boards is 7.6 years, just shy of the S&P 500 average of 7.8 years.
- » The longest-tenured IT board is 20.3 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.

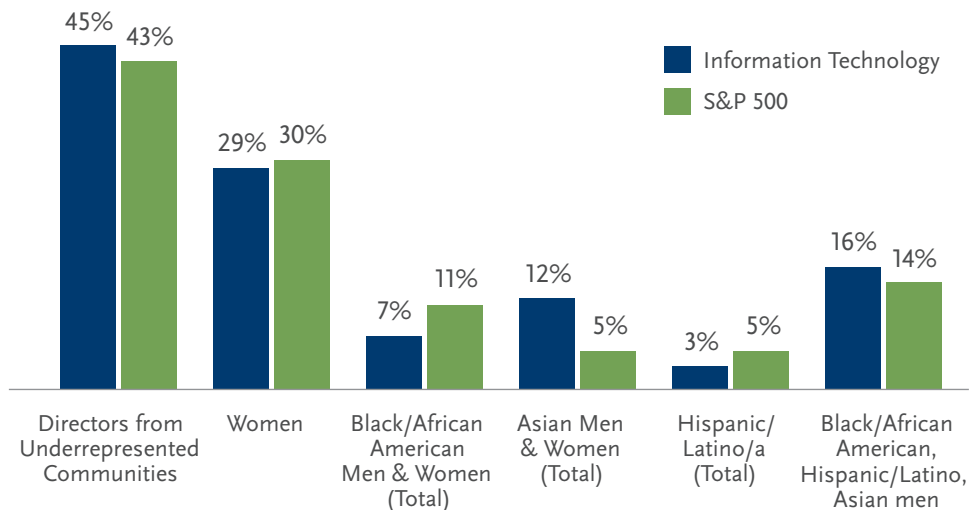
Diversity

The diversity of information technology 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 IT boards, compared with 43% of S&P 500 boards. The IT, consumer and utilities sectors tie with the second-highest percentage of directors from underrepresented communities. Women represent 29% of all IT board members in 2021, compared with 30% of S&P 500 directors. IT boards have the highest percentage of Asian directors (12%). The IT sector ties with the energy sector for having the lowest percentage of Black/African American directors (7%) and with the healthcare sector for having the lowest percentage of Hispanic/Latino/a directors (3%).

Both the IT 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%), Black/African American (13.4%), Asian (5.9%), American Indian or Alaskan native (1.3%) or multiracial (2.8%).

Thirty-one percent (31%) of IT companies disclosed director-specific race/ethnicity details, compared with 28% of all S&P 500 companies. About one-third (32%) of IT sector companies disclosed a commitment to including directors from underrepresented communities in searches for new directors, lagging the 39% average of S&P 500 companies.

DIVERSITY OF INFORMATION TECHNOLOGY BOARDS



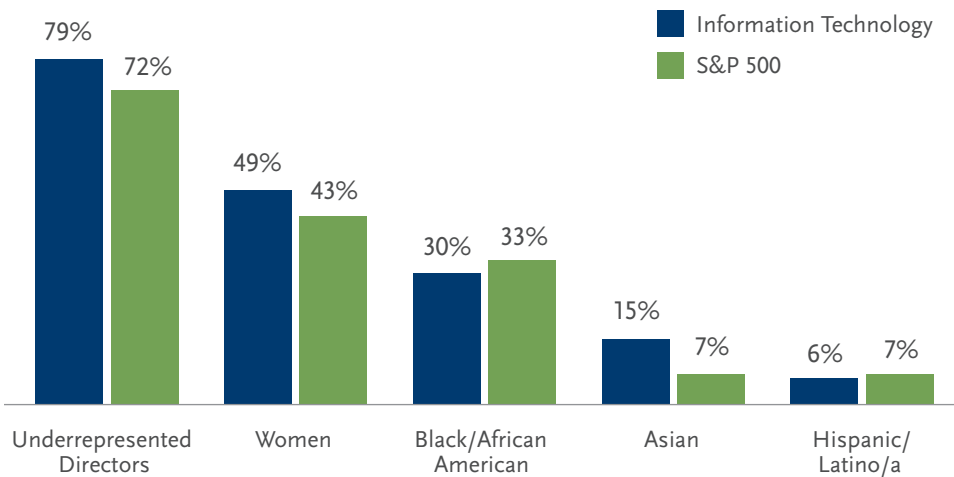
Seven IT boards (9% of the sector) have no Black/African American, Hispanic/Latino/a or Asian directors. In contrast, 37 (8%) S&P 500 boards have no Black/African American, Hispanic/Latino/a or Asian directors, and all S&P 500 boards have at least one female director. Ninety-six percent (96%) of the S&P 500 index have at least two female directors, and more than two-thirds (72%) have three or more female directors. In contrast, 59% of IT boards have three or more women directors. Sixteen S&P 500 boards are composed of at least 50% women, including two IT boards.

New independent director backgrounds

Forty-two companies — 57% of the IT sector — have added at least one independent director over the past year. Appointees averaged 57.3 years of age, close to the 57.5 average for all independent directors joining S&P 500 boards. First-time directors represented 28% of independent directors joining IT boards in 2021, lower than the 35% overall S&P 500 average.

Directors from underrepresented communities constituted 79% of the 53 independent directors joining IT boards over the past year, compared with 72% of directors joining S&P 500 boards.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING INFORMATION TECHNOLOGY BOARDS



Sixty-six percent (66%) of the independent directors joining IT boards are actively employed, compared to 56% of independent directors joining S&P 500 boards — and the highest of primary industry sectors. IT boards recruited the highest percentage of line/functional leaders of all sectors.

NEW INDEPENDENT DIRECTOR FUNCTIONAL BACKGROUNDS

	2021 Information Technology	2021 S&P 500
CEOs	25%	22%
<i>Active</i>	17%	12%
<i>Retired</i>	8%	10%
Chairs/presidents/COOs	2%	4%
<i>Active</i>	2%	2%
<i>Retired</i>	0%	2%
Line/functional leaders	28%	21%
Division/subsidiary leaders	4%	12%
Finance/accounting executives	25%	27%
<i>Financial executives/CFOs/treasurers</i>	17%	13%
<i>Investment managers/investors</i>	8%	8%
<i>Bankers/investment bankers</i>	0%	3%
<i>Public accounting executives</i>	0%	3%
Academics/nonprofit executives	6%	4%
Consultants	2%	1%
Legal	2%	4%
Others	8%	5%

Board leadership

Just under three-quarters (73%) of IT companies separate the chair and CEO roles — the highest percentage of all S&P 500 industry sectors and significantly higher than the overall S&P 500 average (59%). Independent chairs are in place at 50% of IT companies, significantly higher than the 37% for the overall S&P 500 and the most of any industry sector. Fifty-eight percent (58%) of all IT companies have an independent lead or presiding director, lower than the 70% average of the S&P 500 and the least of any industry sector.

Board organization and process

As detailed below, the IT sector's governance processes and structures align with the overall S&P 500. One difference is the prevalence of mandatory retirement policies. While 70% of S&P 500 boards have adopted mandatory retirement policies, only 53% of IT sector companies have age limits for directors.

BOARD ORGANIZATION AND PROCESS

	2021 Information Technology	2021 S&P 500
Classified board	9%	10%
Board meetings (avg #)	8.9	9.4
Board committees (avg #)	3.7	4.2
Audit committee		
<i>Size (avg #)</i>	4.1	4.5
<i>Meetings (avg #)</i>	8.7	8.4
Compensation committee		
<i>Size (avg #)</i>	3.9	4.3
<i>Meetings (avg #)</i>	6.9	6.2
Nominating/governance committee		
<i>Size (avg #)</i>	3.8	4.4
<i>Meetings (avg #)</i>	4.7	4.7
Mandatory retirement	53%	70%
Retirement age (avg)	73.5	73.7

Information Technology Sector Companies

Accenture	FleetCor Technologies	NXP Semiconductors
Adobe	Fortinet	Oracle Corporation
Advanced Micro Devices	Gartner	Paychex
Akamai Technologies	Global Payments	Paycom Software
Amphenol Corporation	Hewlett Packard Enterprise Company	PayPal Holdings
Analog Devices	HP	PTC
Ansys	Intel Corporation	Qorvo
Apple	International Business Machines Corporation	QUALCOMM
Applied Materials	Intuit	salesforce.com
Arista Networks	IPG Photonics Corporation	Seagate Technology plc
Autodesk	Jack Henry & Associates	ServiceNow
Automatic Data Processing	Juniper Networks	Skyworks Solutions
Broadcom	Keysight Technologies	Synopsys
Broadridge Financial Solutions	KLA Corporation	TE Connectivity
Cadence Design Systems	Lam Research Corporation	Teradyne
CDW Corporation	Mastercard	Texas Instruments
Cisco Systems	Maxim Integrated Products	The Western Union Company
Citrix Systems	Microchip Technology	Trimble
Cognizant Technology Solutions Corporation	Micron Technology	Tyler Technologies
Corning	Microsoft Corporation	VeriSign
DXC Technology Company	Monolithic Power Systems	Visa
Enphase Energy	Motorola Solutions	Western Digital Corporation
F5 Networks	NetApp	Xilinx
Fidelity National Information Services	NortonLifeLock	Zebra Technologies Corporation
Fiserv	Nvidia 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.

