

2021 Spencer Stuart Utilities Sector Snapshot

Utility boards in the S&P 500 — a group of 28 companies — tend to be larger and older than other types of S&P 500 boards.

- » The average age of independent directors on utility boards is 63.8, higher than the S&P 500 average of 63.0.
- » The youngest average age of a utility board is 58.1 years, and the oldest is 68.4.
- » Utility boards average 11.6 members, higher than the 10.8 director average for S&P 500 company boards and the second-highest of all S&P 500 primary sectors.
- » Independent directors represent 88% of all directors on utility boards, higher than the 86% average for the S&P 500 universe and the highest of all S&P 500 primary sectors.
- » The average tenure of independent directors on utility boards is 7.5 years, slightly below the S&P 500 average of 7.8 years.
- » The longest-tenured utility board is 11.5 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.

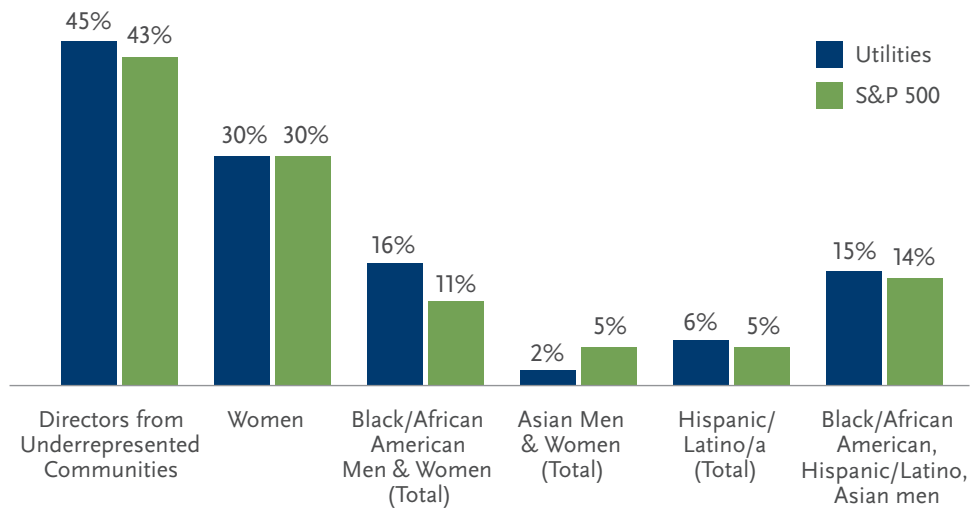
Diversity

The diversity of utility boards outpaces the S&P 500 universe, with directors from underrepresented communities (women, Black/African American, Hispanic/Latino and Asian men) representing 45% of utility boards, compared to 43% of S&P 500 boards and tied with two other sectors (IT and utilities) for second-highest percentage of directors from underrepresented communities. Utility boards have the highest percentage of Black/African American directors and the lowest percentage of Asian directors. Women represent 30% of all utility board members in 2021, matching the 30% of S&P 500 directors.

Both the utility 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%).

Half of the surveyed utility companies disclosed director-specific race/ethnicity details, compared to 28% of all S&P 500 companies and the highest of all sectors. Half disclosed a commitment to including directors from underrepresented communities in searches for new directors, outpacing the 39% average of S&P 500 companies and the second-highest of all sectors.

DIVERSITY OF UTILITIES BOARDS



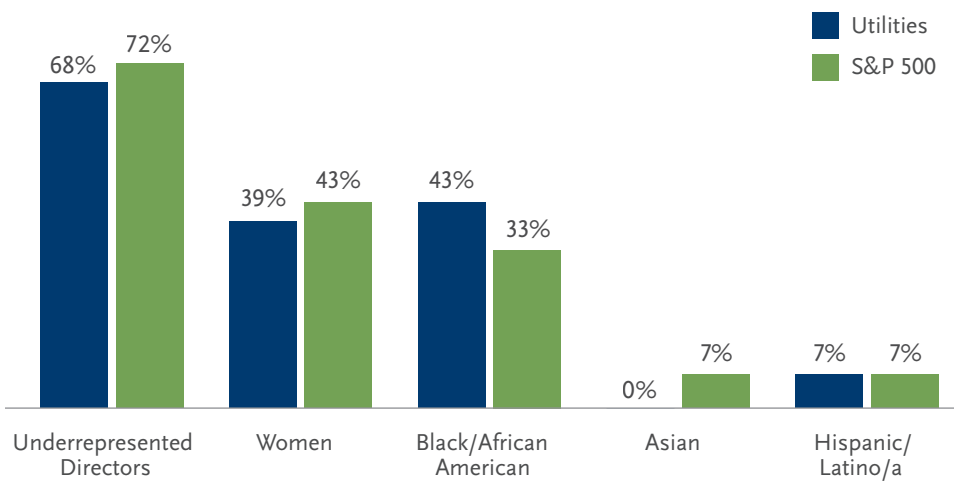
All utility boards have Black/African American, Hispanic/Latino/a or Asian directors. In contrast, 37 (8%) of S&P 500 boards have no Black/African American, Hispanic/Latino/a and Asian directors. Ninety-six percent (96%) of the S&P 500 index have at least two female directors, and two-thirds (72%) of S&P 500 boards have three or more female directors. In contrast, 89% of utility boards have three or more women directors. Sixteen S&P 500 boards are composed of at least 50% women; no utility boards are majority female.

New independent director backgrounds

Nineteen utility companies — 68% of the surveyed group — have added at least one independent director over the past year, the highest percentage of all sectors. Appointees averaged 57.1 years of age, compared to a 57.5 average for all independent directors joining S&P 500 boards. First-time directors represented 46% of independent directors joining utility boards in 2021 — significantly higher than the 35% overall average and the highest percentage of S&P primary sectors.

Directors from underrepresented communities constituted 68% of the 28 independent directors joining utility boards over the past year, compared to 72% of directors joining S&P 500 boards. Utility boards added the lowest percentage of Asian directors.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING UTILITIES BOARDS



Fifty-seven percent (57%) of the independent directors joining utility 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 directors, utility boards recruited in 2021 the lowest percentage of CEOs and the highest percentage of lawyers of all sectors.

NEW INDEPENDENT DIRECTOR FUNCTIONAL BACKGROUNDS

	2021 Utilities	2021 S&P 500
CEOs	7%	22%
<i>Active</i>	0%	12%
<i>Retired</i>	7%	10%
Chairs/presidents/COOs	4%	4%
<i>Active</i>	4%	2%
<i>Retired</i>	0%	2%
Line/functional leaders	21%	21%
Division/subsidiary leaders	14%	12%
Finance/accounting executives	21%	27%
<i>Financial executives/CFOs/treasurers</i>	7%	13%
<i>Investment managers/investors</i>	14%	8%
<i>Bankers/investment bankers</i>	0%	3%
<i>Public accounting executives</i>	0%	3%
Academics/nonprofit executives	7%	4%
Consultants	0%	1%
Legal	21%	4%
Others	4%	5%

Board leadership

More than half (54%) of the utility companies separate the chair and CEO roles, just under the 55% average for the S&P 500 index overall. Independent chairs are in place at 32% of utility companies, compared to 34% of the S&P 500 index. Eighty-two percent (82%) of all utility companies have an independent lead or presiding director — the highest percentage of all sectors and significantly higher than the 70% average of the S&P 500.

Board organization and process

As detailed below, utility boards meet more often than typical boards. Utility boards average 5.1 committees, the highest average of all S&P 500 primary sectors. Following audit, compensation and nominating/governance committees, the most prevalent utility boards are: finance committee (75% of utilities), executive committee (36% of utilities), environmental committee (36% of utilities) and nuclear committee (32% of utilities).

Only 4% of utility companies have staggered, three-year terms for directors — the second lowest percentage of all primary sectors. In contrast, 10% of S&P 500 companies have classified boards. While 70% of S&P 500 boards have adopted mandatory retirement policies, 89% of utility boards have adopted age limits for directors — the highest percentage of all S&P 500 primary sectors.

BOARD ORGANIZATION AND PROCESS

	2021 Utilities	2021 S&P 500
Classified board	4%	10%
Board meetings (avg #)	10.7	9.4
Board committees (avg #)	5.1	4.2
Audit committee		
<i>Size (avg #)</i>	5.1	4.5
<i>Meetings (avg #)</i>	7.4	8.4
Compensation committee		
<i>Size (avg #)</i>	4.8	4.3
<i>Meetings (avg #)</i>	6.0	6.2
Nominating/governance committee		
<i>Size (avg #)</i>	4.6	4.4
<i>Meetings (avg #)</i>	5.0	4.7
Mandatory retirement	89%	70%
Retirement age (avg)	73.5	73.7

Utilities Sector Companies

Alliant Energy Corporation

Ameren Corporation

American Electric Power Company

American Water Works Company

Atmos Energy Corporation

CenterPoint Energy

CMS Energy Corporation

Consolidated Edison

Dominion Energy

DTE Energy Company

Duke Energy Corporation

Edison International

Entergy Corporation

Eversource Energy

Exelon Corporation

FirstEnergy Corporation

NextEra Energy

NiSource

NRG Energy

Pinnacle West Capital Corporation

PPL Corporation

Public Service Enterprise Group

Sempra Energy

The AES Corporation

The Southern Company

WEC Energy Group

Xcel Energy



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