

2022 S&P 500 New Director Snapshot

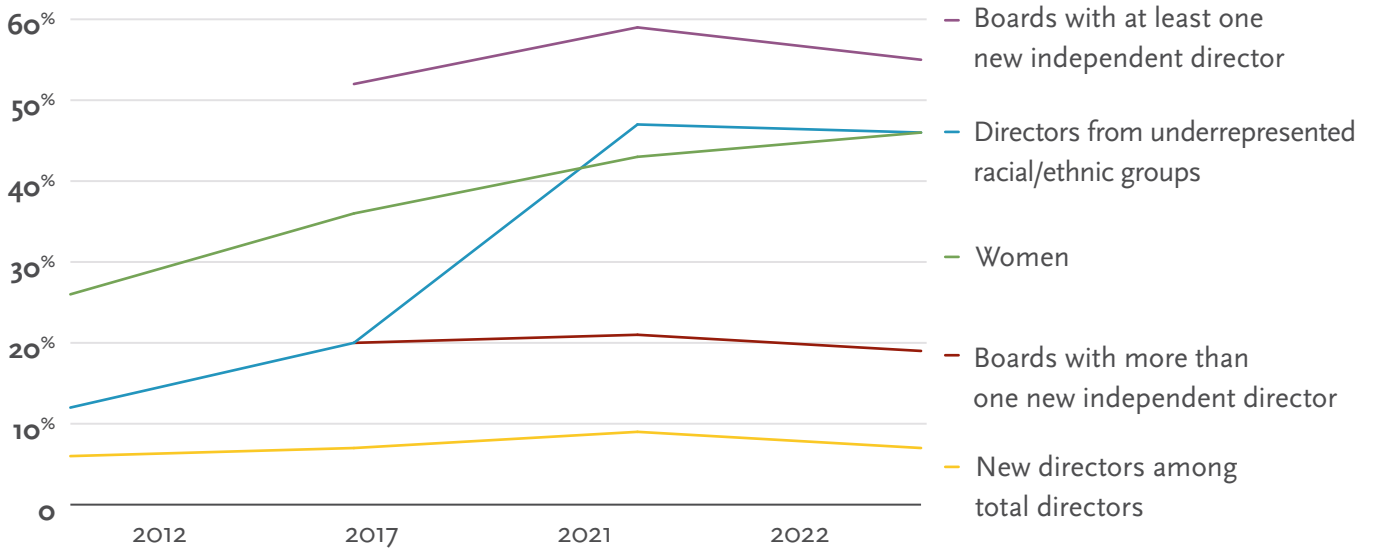
New director appointments in 2022: The pace of change slows

Over the past 12 months, S&P 500 companies have continued to refresh their boards. However, following exceptionally dynamic turnover in 2021, when companies appointed 456 new directors, the rate has slowed to 395 new directors this year. More than half of S&P 500 boards (55%) appointed at least one new director, down from 59% in 2021, and first-time directors compose 34% of total appointments, also down slightly from 2021.

Nevertheless, this year's appointments are taken from a variety of professional backgrounds and demographics and have continued to increase the diversity of S&P 500 boardrooms. Over the past five years, boards have increased the number of appointments made among active line and functional leaders, while reducing those among active and retired CEOs. This year, the number of new directors with international experience leapt substantially compared with 2021, by 16 percentage points to 50% of appointments.

Demographically, 72% of this year’s new directors are from historically underrepresented groups (i.e., women, underrepresented racial/ethnic groups and the LGBTQ+ community). This has moved the overall share of directorships held by historically underrepresented individuals to 46%. The proportion of all S&P 500 directors from underrepresented racial/ethnic groups remains the same as last year, at 22%, while the share of women directors has risen from 30% to 32%. In 2022, 46% of new directors are women, up from 43% last year, and the overall share of S&P 500 directorships held by women has risen slightly, from 30% to 32%.

S&P 500 DIRECTORS: NEW INDEPENDENT DIRECTORS



How forward-looking boards are thinking about boardroom talent

With S&P 500 board directors enjoying an average tenure of 7.8 years, the appointments that boards make today may influence companies for years to come. Here are five of the developments we see among forward-looking boards as they choose the people who will guide them into the future.

47%

of boards disclosed using peer evaluations

56%

of boards disclosed using skills matrices

12%

of appointments went to active CEOs

46%

of new directors are women

» **They consider boards and directors to be strategic assets.**

A strong, diverse and balanced board composition is critical to performance. In recognition of this, leading boards are increasingly taking a strategic view of new director appointments, with many using peer evaluations (47%) and skills matrices (56%) to identify gaps and clarify the qualities required to fill them.

» **They cast their nets wide and deep for director talent.**

Rather than setting narrow specifications for new directors, forward-looking boards are reviewing candidates from a broader range of professional backgrounds. Fewer appointments are going to active CEOs: 12% this year, down from 22% a decade ago. As boards respond to emerging oversight challenges such as digital transformation and the greater prominence of ESG considerations in business strategy, they are benefitting from fresh perspectives and expertise in the boardroom.

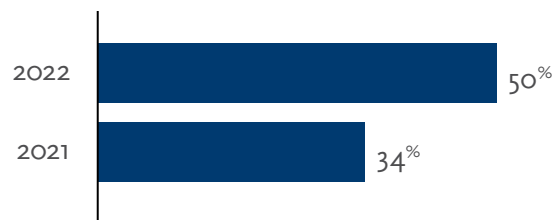
» **They focus on board diversity.**

Leading boards are doubling down on their commitment to improve diversity in the boardroom. This year, the majority of new directors again come from historically underrepresented groups. Equality between new appointments of men and women is within touching distance, with women making up 46% of new directors. Slowly but surely, the composition of the S&P 500's independent directors is changing: a rising proportion are women, from underrepresented racial/ethnic groups, or part of the LGBTQ+ community. Half

of S&P 500 companies now report implementation of a policy like the Rooney Rule for candidate pools, helping ensure consideration of diverse candidates, while some boards have targets stating that at least half of the candidate pool for a board seat should be people from underrepresented communities. (Our [S&P 500 Board Diversity Snapshot](#) looks in more detail at the drive to increase diversity.)

- » **They consider diversity of age and the implications for tenure.** As boards refresh their memberships, the proportion of “next-generation” directors (those aged 50 or under) has risen. Many boards are thinking carefully about attaining the right balance between youth and experience for today’s fast-changing strategic context. For many, the accelerating shift into the digital era demands the appointment of younger directors in their early 50s or 40s. That, in turn, has raised questions about tenure, with more boards (67%) now having an average tenure of 6–10 years. While some boards are reviewing their formal policies, others are looking to manage expectations informally through conversations about tenure: that appointments are generally for 5–10 years, for example, and will be reviewed in light of changing requirements and individual performance — rather than being a position that is guaranteed until a mandatory retirement date.
- » **They think globally.** An increasing number of leading boards are seeking board candidates with international experience. This year, 50% of new directors appointed to S&P 500 boards have international experience, up from 34% last year. They may be from the U.S. originally and have spent time overseas, or originally from other parts of the world. Either route can bring readymade international networks and deep knowledge of significant markets.

NEW DIRECTORS APPOINTED TO S&P 500 BOARDS WITH INTERNATIONAL EXPERIENCE



Class of 2022: Who are the new directors?

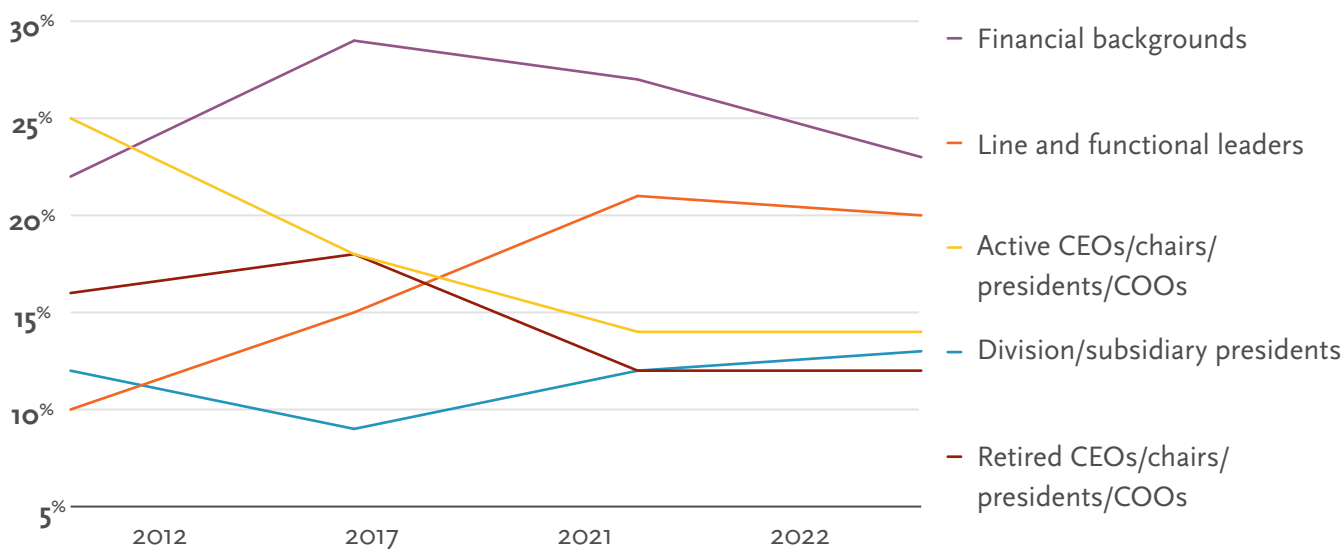
As boards seek to appoint directors who can steer them to success, the profiles of successful candidates are steadily changing. While year-on-year shifts are often incremental, longer-term comparisons can be revealing. Who are the class of 2022 — and how do they compare with previous years?

Professional backgrounds are changing

This year's data confirm an ongoing shift in the professional backgrounds of new directors. S&P 500 boards are appointing more line and functional leaders and fewer active CEOs. This likely reflects recognition of the time commitment needed to be an effective board member, and the tightening by boards of limits on outside board roles for sitting CEOs. It's also indicative of boards' continuing focus on improving diversity — compared with line and functional leaders, CEOs are more likely to be white and male.

S&P 500 DIRECTORS: NEW INDEPENDENT DIRECTORS' FUNCTIONAL BACKGROUNDS

| | 2022 | 2021 | 2017 | 2012 |
|-------------------------------------|------|------|------|------|
| Active CEOs/chairs/presidents/COOs | 14% | 14% | 18% | 25% |
| Retired CEOs/chairs/presidents/COOs | 12% | 12% | 18% | 16% |
| Division / subsidiary presidents | 13% | 12% | 9% | 12% |
| Line and functional leaders | 20% | 21% | 15% | 10% |
| Financial backgrounds | 23% | 27% | 29% | 22% |



Nearly half of director appointments are women

The number of women appointed as new directors is approaching parity with men: 46% of appointments are women, up from 43% in 2021. This represents substantial change in the past decade: women accounted for just 36% and 26% of new director appointments in 2017 and 2012, respectively.

Overall, the gender balance of directors is slowly improving. All S&P 500 boards have at least one woman director. In total, women make up 32% of S&P 500 directors, up from 30% last year — and up from 22% and 17% five and 10 years ago, respectively. Over the decade, that represents an 88% increase in the proportion of directors who are women.

Women constitute 44% of first-time directors this year, which is 1 percentage point down from 2021. However, this is still far higher than a decade ago, when women accounted for 27% of first-time directors.

S&P 500 WOMEN DIRECTORS: PROGRESS TOWARD GENDER PARITY

| | 2022 | 2021 | 2017 | 2012 |
|---|------|------|------|------|
| Women as a % of all S&P 500 directors | 32% | 30% | 22% | 17% |
| Women as % of new directors | 46% | 43% | 36% | 26% |
| % of first-time directors who are women | 44% | 45% | 42% | 27% |
| Boards with at least one woman director | 100% | 100% | 99% | 91% |
| Average number of women on all boards | 3.4 | 3.2 | 2.4 | 1.8 |



Boards continue to appoint directors from historically underrepresented groups

Our data on historically underrepresented groups — defined to include women, underrepresented racial/ethnic groups and LGBTQ+ communities — show that businesses have made real breakthroughs on diverse appointments in recent years. For the second year in a row, 72% of new director appointments were individuals from historically underrepresented groups. That is up from 64% in 2017, and a huge increase from 35% in 2012.

NEW S&P 500 DIRECTORS: BREAKTHROUGHS OF HISTORICALLY UNDERREPRESENTED GROUPS

| | 2022 | 2021 | 2017 | 2012 |
|--|------------|------------|------------|------------|
| Total new directors from historically underrepresented groups | 72% | 72% | 64% | 35% |
| New directors who are women | 46% | 43% | 36% | 26% |
| New directors who are men from underrepresented racial/ethnic groups | 26% | 29% | 14% | 9% |
| New directors who are LGBTQ+ disclosed | <1% | n/a | n/a | n/a |

Of the first-time directors appointed this year, 82% are from historically underrepresented groups. This is slightly down from 2021, but nevertheless represents a substantial shift over the longer term, up from 55% in 2017.

NEW S&P 500 DIRECTORS: FIRST-TIME DIRECTOR SNAPSHOT

| | 2022 | 2021 | 2017 | 2012 |
|--|------------|------------|------------|------------|
| % of all new directors | 34% | 35% | 30% | 30% |
| First-time directors from historically underrepresented groups | 82% | 86% | 55% | n/a |
| <i>First-time directors who are women</i> | 44% | 45% | 42% | 27% |
| First-time directors from underrepresented racial/ethnic groups | 61% | 65% | 21% | 13% |
| <i>Black or African American</i> | 34% | 45% | n/a | n/a |
| <i>Asian</i> | 16% | 13% | n/a | n/a |
| <i>Hispanic/Latino/a</i> | 10% | 7% | n/a | n/a |
| <i>American Indian / Alaska Native</i> | 1% | 0% | n/a | n/a |
| <i>Two or more races (multiracial)</i> | 1% | 1% | n/a | n/a |
| <i>Women from racial/ethnic underrepresented groups</i> | 23% | 24% | 8% | n/a |

The rise of the next generation

Next-gen directors (those age 50 and younger) account for 18% of the incoming class of 2022, up from 16% in 2021.

There is also a connection between age and other dimensions of diversity. The average age of new directors from underrepresented groups was more than two years younger than those who were not from these groups, at 56.1 vs 58.4 years.

Overall, the average age of new directors has barely shifted, at 57.3 years compared with 57.5 in 2021. A decade ago, it was 56.7.

AGE DIVERSITY OF THE S&P 500 NEW DIRECTOR CLASS

| | 2022 | 2021 | 2017 | 2012 |
|--|------|------|------|------|
| Average age of new independent directors | 57.3 | 57.5 | 57.3 | 56.7 |
| Average age of new directors from racial/ethnic underrepresented groups | 56.1 | 55.8 | n/a | n/a |
| Average age of first-time directors | 54.4 | 54.1 | 55.2 | 53.5 |
| Average age of first-time directors from underrepresented racial/ethnic groups | 53.7 | 53 | n/a | n/a |

Directors with global experience are in demand

The data shows that S&P 500 boards are strengthening their global outlook. Conversely, S&P 500 boards are, if anything, strengthening their global outlook. Among the new independent directors appointed in 2022, 50% have spent time working at an international location — a substantial increase since 2021 (34%).

S&P 500 DIRECTORS: INTERNATIONAL EXPERIENCE

| | 2022 | 2021 |
|--|------|------|
| Have spent time working at an international location | 50% | 34% |

Editor's notes

This data draws on the latest proxy statements from 489 companies filed between May 1, 2021, and April 30, 2022.

“Historically underrepresented groups” is defined as incorporating individuals who self-identify in one or more of the following categories:

i) Female ii) Underrepresented racial/ethnic group iii) LGBTQ+ when disclosed.

“Underrepresented racial/ethnic group” is defined to mean an individual who self-identifies as one or more of the following: Black/African American, Asian, Hispanic/Latino/a, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or two or more races (multiracial).

The Asian category includes individuals of Indian descent, consistent with U.S. Census Bureau methodology.

LGBTQ+ is defined to mean an individual who self-identifies as any of the following: lesbian, gay, bisexual, transgender, or as a member of the queer community.

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

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