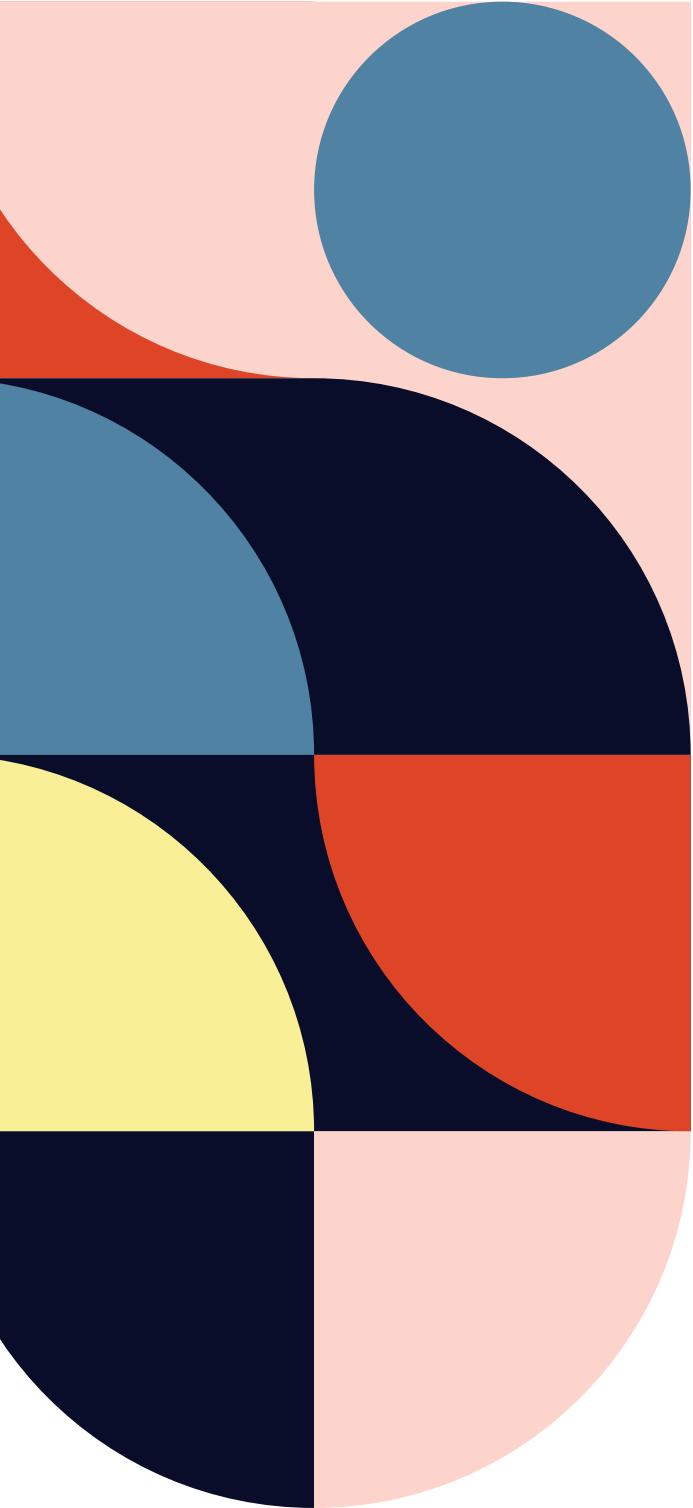


2022 S&P 500 Board Diversity Snapshot



The push for greater board diversity continues amid ongoing pressure from investors, employees and other stakeholders. Feeding stakeholder interest in the issue are the relatively low numbers of women and directors from historically underrepresented racial, ethnic and LGBTQ+ communities in U.S. boardrooms. Boards are responding, with 72% of the incoming S&P 500 class of directors coming from historically underrepresented groups — defined as individuals who self-identify in one or more of the following categories: women, underrepresented racial/ethnic group or the LGBTQ+ community.

However, due to persistent low boardroom turnover, the addition of new directors from these historically underrepresented groups has had little impact on the overall diversity of S&P 500 boards. Year-over-year percentages grew only modestly from 2021, when 30% of directors were women and 21% were from underrepresented racial and ethnic groups. Today, 32% of all S&P 500 directors are women and 22% are from historically underrepresented racial and ethnic groups — defined as Black or African American, Asian, Hispanic or Latino/a, two or more races/ethnicities, American Indian/Alaska Native, and Native Hawaiian or other Pacific Islander.



2022 At-a-glance

50% of S&P 500 boards

reported having a policy like the “Rooney rule” to include individuals from underrepresented groups in the candidate pool when recruiting new directors, a significant increase from 39% last year.

72% of all new

directors are from historically underrepresented groups, the same as last year.

New independent directors All S&P 500 directors

Historically underrepresented groups
 Individuals who self-identify in one or more of the following categories:

Underrepresented racial/ethnic group

Black/African American, Asian, Hispanic/Latino/a, American Indian/Alaska Native, Native Hawaiian/Pacific Islander, two or more races (multiracial)

46% vs. **47%** in 2021 **22%** vs. **21%** in 2021

26%	—	Black/African American	—	11%
8%	—	Hispanic/Latino/a	—	5%
10%	—	Asian	—	6%
<1%	—	American Indian/Alaska Native	—	<1%
0%	—	Native Hawaiian/Pacific Islander	—	<1%
1%	—	Two or more races (multiracial)	—	<1%



Female

46% vs. **43%** in 2021 **32%** vs. **30%** in 2021

20%	—	Women from racial/ethnic backgrounds	—	8%
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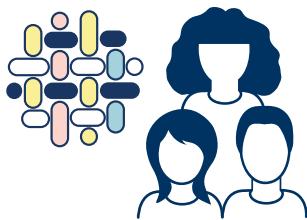
(Black/African American, Asian, Hispanic/Latina, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or multiracial)



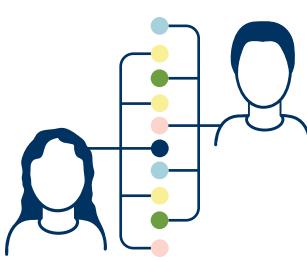
LGBTQ+ (when disclosed)
 Lesbian, gay, bisexual, transgender or a member of the queer community

<1% **<1%**

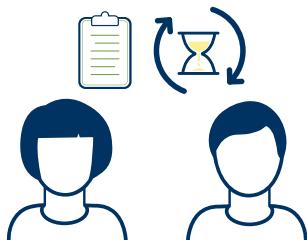
While the fate of certain regulatory and legislative mandates remains uncertain, the boards we work with know they can't and shouldn't take their foot off the gas when it comes to board diversity. Here are the ways forward-looking boards are continuing to make progress:



Adopting a culture of continuous commitment to boardroom diversity. Boards that are most successful on the diversity journey view every director search as an opportunity to enhance boardroom diversity and ensure boardroom policies and procedures reflect an inclusive culture of trust, belonging and respect for all perspectives.

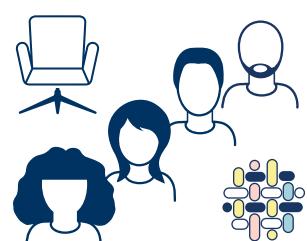


Rejecting a “scarcity” mindset and building robust candidate pipelines. These boards enhance candidate pipelines by looking beyond directors' personal networks — including leveraging company and external affinity groups — to proactively meet and cultivate relationships with executives from diverse backgrounds. Developing these networks requires a purposeful and ongoing commitment, as well as a willingness to widen the aperture beyond sitting and retired CEOs and CFOs. In addition, some boards are striving for at least half of the candidate pool for a board seat to be people from underrepresented communities.

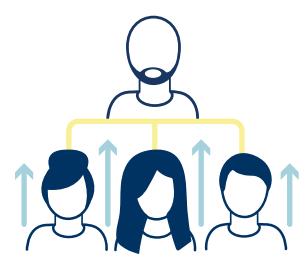


Embracing meaningful refreshment approaches. By adopting a robust board assessment process that includes director self-assessments and peer evaluations and using tools such as a board composition matrix, proactive boards identify gaps or overcapacity of boardroom skills, encourage renewal and ensure that the right people are around the board table relative to the company's future-looking strategies and risks.

In addition, boards encourage refreshment by shifting expectations that all directors will stay on the board until retirement age by forging agreement on appropriate director turnover and establishing that renominations will be based on the needs of the board and the sustained high performance of individual directors.



Increasing the diversity of board leadership. Diversity in leadership can elevate important perspectives and increase the sense of belonging in the boardroom for all directors. Forward-looking board succession planning anticipates the departure of board and committee leaders early and ensures that the board has someone with the right skills, time and commitment to serve when the time comes, taking diversity into account.



Understanding the company leadership pipeline for the future. More boards are increasing their oversight of the leadership talent pipeline and diversity, equity and inclusion (DE&I) in the business. Many are encouraging the CEO to support the career development of executives from historically underrepresented groups by ensuring they gain exposure to the company's own board and sponsoring up-and-coming leaders for external board opportunities. In addition, the board should monitor the career progression of all high-potential leaders, including those from historically underrepresented groups, and encourage the CEO to ensure they are given jobs that build their skills and increase their visibility.

Diversity On S&P 500 Boards: 2022 Trends

Boards have not only responded to calls for increased disclosure about the racial and ethnic diversity of their composition but are beginning to go above and beyond, electing to disclose the race/ethnicity of individual directors. Nearly all S&P 500 boards (93%) disclosed their racial/ethnic composition, with 41% of those boards identifying directors from underrepresented racial and ethnic groups by name for those who volunteered to self-identify. Fifty percent of boards reported having a policy to include individuals from underrepresented groups in the candidate pool when recruiting new directors, a dramatic increase from 39% last year.

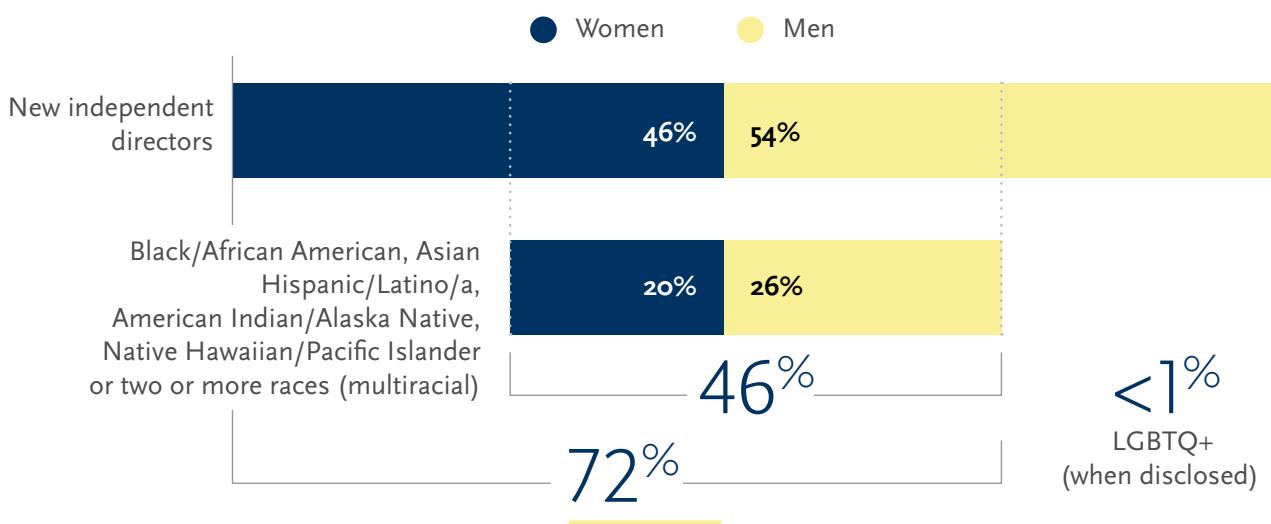
	2022	2021
% of boards disclosing their racial/ethnic composition	93%	60%
% identifying directors from these groups by name	41%	28%
% reporting a policy like the “Rooney rule”	50%	39%

New independent directors: The incoming class reflects boards' focus on diversity

395

New independent
directors

S&P 500 boards added 395 new independent directors during the 2022 proxy season, a decline from 456 last year. Nearly half—46%—of new directors are Black/African American, Asian, Hispanic/Latino/a, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or multiracial, less than 1% disclosed as LGBTQ+, and 46% are women. Together, directors from these historically underrepresented groups account for 72% of all new directors, the same as last year.



Percentage of new directors from historically underrepresented groups (women and/or Black/African American, Asian, Hispanic/Latino, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or multiracial men and/or LGBTQ+ when disclosed)

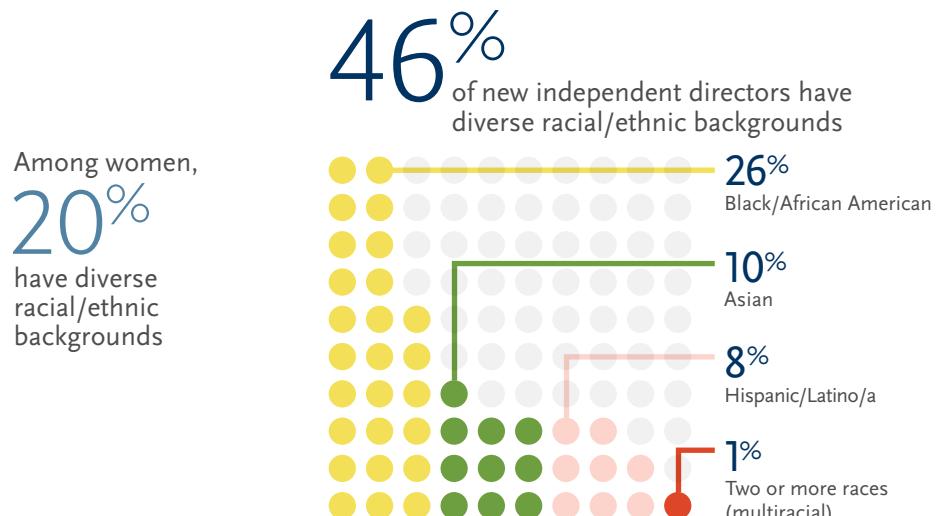
NEW S&P 500 DIRECTORS: ONE, FIVE AND 10-YEAR BREAKDOWN BY GENDER AND RACE/ETHNICITY

	2022	2021	2017	2012	5-Yr % change	10-Yr % change
New directors	395	456	397	291	-0.5%	36%
% women	46%	43%	36%	26%	28%	77%
% Underrepresented racial/ethnic groups (Black/African American, Asian, Hispanic/Latino/a, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or two or more races)	46%	47%	21%	12%	119%	283%
% female	20%	18%	6%	4%	233%	400%
% male	26%	29%	14%	8%	86%	225%
% new directors from historically underrepresented groups (women and/or Black/African American, Asian, Hispanic/Latino, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or multiracial men and/or LGBTQ+ when disclosed)	72%	72%	64%	35%	13%	106%

The addition of women in the boardroom rebounded from a decline last year. 46% of the new class of S&P 500 directors are women, compared with 43% last year.

For the second year in a row, nearly all the gains in racial/ethnic diversity of the new class of directors are due to the increase in Black/African American directors, although the overall percentage of Black/African American directors among the incoming class declined.

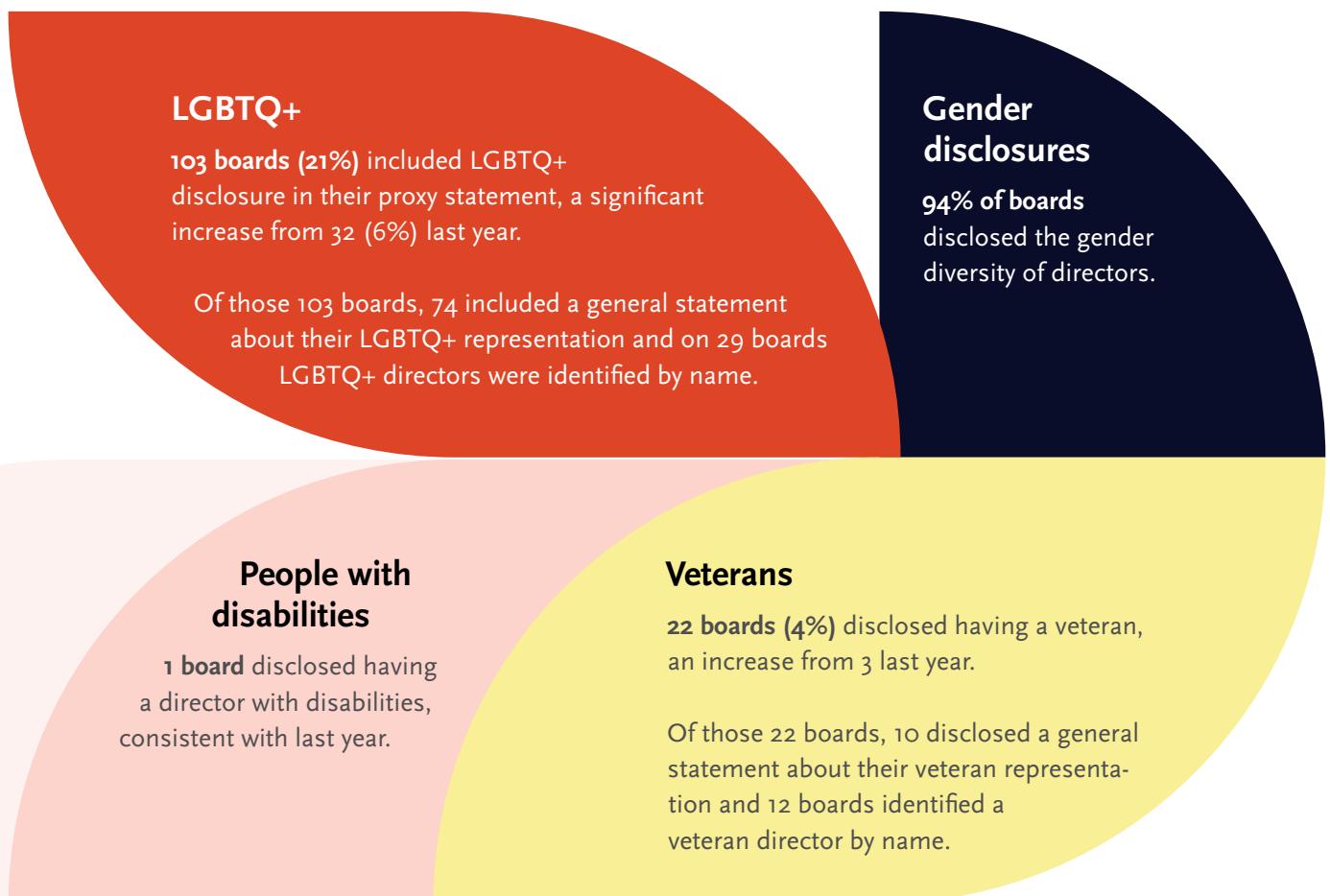
- » One-fourth (26%) of all new independent directors are Black/African American, a decrease from last year (33%).
- » The representation of Asian directors among new directors increased to 10% from 7% last year.
- » Hispanic/Latino/a directors make up 8% of new directors, a slight increase from 7% last year.

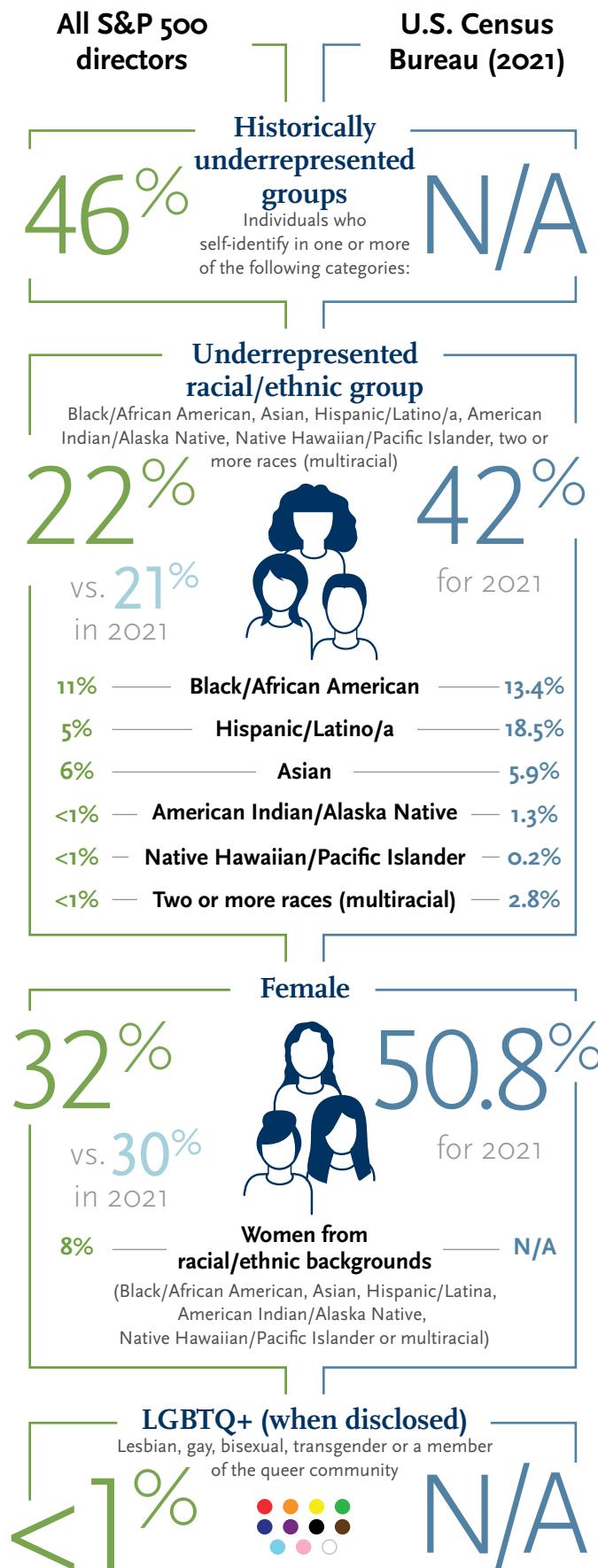


RACIAL/ETHNIC DIVERSITY OF THE S&P 500 NEW DIRECTOR CLASS

	2022	2021	2017	2012	5-Yr % change	10-Yr % change
% Black/African American	26%	33%	11%	5%	136%	420%
% Hispanic/Latino/a	8%	7%	3%	5%	166%	60%
% Asian	10%	7%	7%	2%	43%	400%
% American Indian or Alaska Native	<1%	<1%	n/a	n/a	n/a	n/a
% Native Hawaiian or Pacific Islander	0%	n/a	n/a	n/a	n/a	n/a
% Two or more races	1%	<1%	n/a	n/a	n/a	n/a
% Underrepresented racial/ethnic group among new directors (Black/African American, Asian, Hispanic/Latino/a, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or multiracial)	46%	47%	21%	12%	119%	283%

Additional proxy disclosure related to board composition is emerging





All S&P 500 directors: A more complete picture of board diversity is emerging

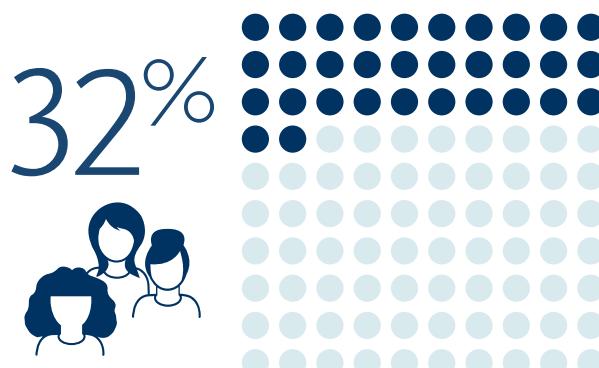
For the second year in a row, our *U.S. Spencer Stuart Board Index* research tracks the director diversity of all S&P 500 companies in addition to the new class of directors. While the representation of directors from historically underrepresented groups among new S&P 500 directors remained unchanged from last year's record-breaking pace, continued low boardroom turnover remains a persistent impediment to meaningful year-over-year change in the overall composition of S&P 500 boards. In comparison to the U.S. population, some demographic groups on S&P 500 boards more closely reflect the broader population while others see a significant disparity in representation. According to the U.S. Census Bureau, 42% of the U.S. population is Black/African American, Asian, Hispanic/Latino/a, American Indian/Alaska Native or multiracial, double their representation among all S&P 500 directors (22%). The largest disparity is between Hispanic/Latino/a representation on S&P 500 boards (8% of all directors) and their representation in the U.S. population (18.5%).

BOARD RACIAL/ETHNIC REPRESENTATION VERSUS U.S. POPULATION

	New S&P 500 directors	All S&P 500 directors	U.S. Census Bureau (2021)
% Black/African American	26%	11%	13.4%
% Hispanic/Latino/a	8%	5%	18.5%
% Asian	10%	6%	5.9%
% American Indian or Alaska Native	<1%	<1%	1.3%
% Native Hawaiian or Pacific Islander	0%	0%	0.2%
% Two or more races (multiracial)	1%	<1%	2.8%
% Underrepresented racial/ethnic group (Black/African American, Asian, Hispanic/Latino/a, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or multiracial)	46%	22%	42%

Progress for women continues

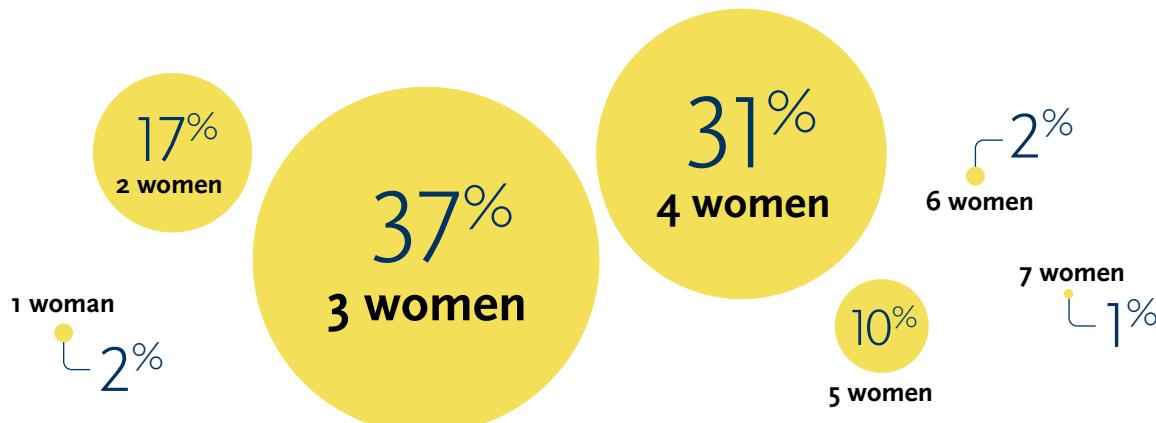
Women now represent 32% of all S&P 500 directors, the most ever. 2022 saw a rebound in female representation among new directors, increasing to 46% from 43% last year. Boards today have three female directors on average, compared with 1.8 a decade ago. 98% of boards include two or more women directors, an increase from 61% in 2012.



S&P 500 WOMEN DIRECTORS

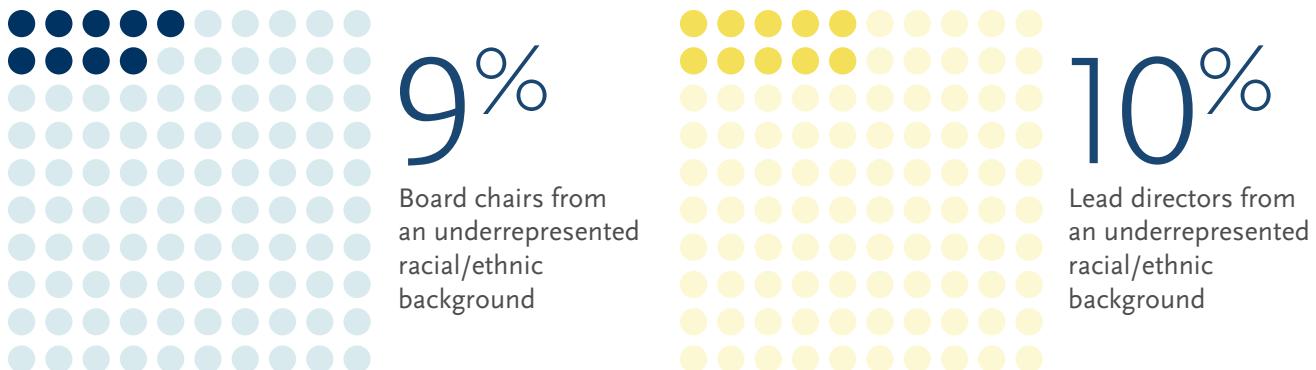
	2022	2021	2017	2012	5-Yr % change	10-Yr % change
Women as a % of all S&P 500 directors	32%	30%	22%	17%	45%	88%
% women as new independent directors	46%	43%	36%	26%	28%	119%

NUMBER OF WOMEN ON BOARDS BY PERCENTAGE



Diversity lags in board leadership

Diversity in board leadership lags board diversity overall. Just 9% of S&P 500 independent board chairs and 10% of lead directors are from historically underrepresented racial or ethnic groups. Recent new director classes have had higher representation of directors from historically underrepresented groups. As these directors gain experience on the board, we would expect to see greater diversity in board leadership.



S&P 500 BOARD AND COMMITTEE LEADERSHIP ROLES

	% from underrepresented racial/ethnic group		% female	
	2022	2021	2022	2021
Independent board chair	9%	8%	14%	8%
Lead director	10%	10%	14%	13%
Audit committee chair	14%	12%	32%	30%
Compensation committee chair	15%	14%	33%	28%
Nominating/governance committee chair	18%	16%	34%	29%

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 to mean an individual who self identifies 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.
- » The content presented herein is for informational purposes only. Spencer Stuart has presented this information in good faith and in accordance with applicable laws. Diversity information contained hereunder was compiled from a variety of sources, and we believe it is directionally accurate; however, we do not warrant the accuracy of such information. You agree not to use this information in violation of any applicable law.
- » Data in tables may not total 100% due to rounding.

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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, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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