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2022 U.S. Spencer Stuart Board Index Highlights

Now in its 37th year, the ***U.S. Spencer Stuart Board Index*** analyzes the board governance practices of the S&P 500. Here, some of the most notable findings are highlighted.

The push for greater board diversity continues

72%

of new directors are from historically underrepresented groups

46%

of new independent directors are women

» Directors from historically underrepresented groups — including women, underrepresented racial or ethnic groups and members of the LGBTQ+ communities — account for 72% of all new directors, the same proportion as last year. Nearly half — 46% — of the 395 new independent directors appointed this year are from underrepresented racial and ethnic groups. Forty-six percent are women, including 20% female Black or African American, Asian, Hispanic or Latina, American Indian or Alaska Native or multiracial directors.

- Just over one-quarter (26%) of all new independent directors are Black or African American, down from 33% in 2021 — though still significantly higher from 11% in 2020.
- The representation of Asian directors among new directors rose from 7% to 10%.
- Hispanic or Latino/a directors make up 8% of new directors, a one-point increase from last year, making it a record high for the second consecutive year since we began collecting this data in 2008.
- The representation of women among new independent directors rose to 46% from 43% in 2021.

Almost one-third of all S&P 500 directors are women — another new milestone

- Female representation among S&P 500 board directors as a whole rose to 32% this year, up from 30% last year and 17% a decade ago — marking an 86% increase over the decade.
- All S&P 500 boards now have at least one woman director, and 98% of boards include two or more women directors, compared with 61% in 2012. Eighty-one percent have three or more women, up from 72% last year.
- Fourteen percent of independent board chairs and 14% of lead or presiding directors are women, up from 8% and 13%, respectively, in 2021.

32%

of S&P 500 board directors are women

More than one-third of new directors are serving on their first outside public company board

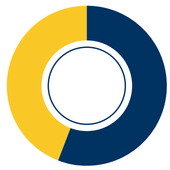
- Just over one-third (34%) of the S&P 500 directors appointed in the 2022 proxy year are serving on their first public company board, down one point from 2021.
- Three-quarters of first-time directors (75%) are actively employed, compared with 31% of new directors with previous board experience. Only 2% are actively employed private company CEOs serving on their first public company board.

100%

of S&P 500 boards have at least one woman director

Directors aged 50 and younger make up 18% of new directors and 6% of all directors

- Fifty-six percent of these new next-gen directors are from historically underrepresented groups.
- Ten percent of new next-gen directors are women.



56%

of new next-gen directors are from historically underrepresented groups

Division or subsidiary and line or functional leaders are the most common new director backgrounds

- One-third (33%) of new S&P 500 directors are active and retired corporate executives, including line or functional leaders and division or subsidiary leaders.
- Twenty-three percent are active and retired CEOs.
- Fifty-six percent of new directors are actively employed.
- New independent directors from historically underrepresented groups are more likely to be division or subsidiary and line or functional leaders than those who are not and much less likely to be CEOs.

Boards continue to be more likely to use mandatory retirement rather than term limits as a refreshment tool

- Just 35 S&P 500 boards (7%) report having explicit term limits for non-executive directors. Term limits range from 10 to 20 years, with 69% of those that have them setting limits at 15 years or more.
- Seventy percent report having a mandatory retirement age, the same as last year. Fifty-three percent of boards with age limits set the age of mandatory retirement at 75 or older.
- The average tenure of independent directors on S&P 500 boards is 7.8 years, almost a year less on average than in 2012 (8.6 years).
- The average age of independent directors is 63.1, compared with 62.6 in 2012.

Almost all S&P 500 boards now disclose their racial or ethnic composition

- Ninety-three percent of S&P 500 boards disclose their racial or ethnic composition, a substantial increase compared with 2021 (60%). Forty-one percent of those boards identify directors from underrepresented racial or ethnic groups by name.
- Fifty percent of boards report having a policy to include individuals from historically underrepresented groups in the candidate pool when recruiting new directors — a “Rooney Rule”-like policy — up from 39% last year.
- The overall representation of some demographic groups in S&P 500 boards continues to trail their representation in the U.S. population, despite the increased proportion of directors appointed from historically underrepresented groups in 2021 and 2022.

93%

of S&P 500 boards disclose their racial or ethnic composition

Additional proxy disclosures on diversity are fast becoming more common

- Seventy-four boards (15%) included LGBTQ+ disclosure in their proxy statement, more than twice as many as in 2021 (32 boards, 6%).
- Twenty-nine boards (6%) identified the LGBTQ+ status of individual directors.

The number of boards with a separate chair and CEO has fallen slightly

- Fifty-seven percent of S&P 500 boards split the chair and CEO roles, compared with 59% last year — but still more than in 2012 (43%).
- Thirty-six percent of boards named an independent chair — a director who meets applicable NYSE or Nasdaq rules for independence — slightly down compared with last year (37%) but still substantially higher than a decade ago (23%).

Getting back to normal on the number of board meetings

- Boards met 8.3 times on average, down from 9.4 meetings the year before, although still higher than pre-COVID (7.9 meetings). This year's average number of meetings is the same as a decade ago.

More board performance evaluations include individual director evaluations

- Ninety-eight percent of boards — all but 10 — report conducting some sort of annual performance evaluation.
- Forty-seven percent of boards disclose that they have some form of individual director evaluation, the same number as last year but up from 31% a decade ago.

74	36%	8.3	98%
boards included LGBTQ+ disclosure in their proxy statement	of S&P 500 boards have a truly independent chair	average number of board meetings, a 12% decrease from the previous year	of boards conducted annual performance evaluations

Modest increase in director compensation

- The average total director compensation, excluding the chair's fee, increased by 3% to $316,091; this is a 9% increase from 2017.
- Stock grants and cash represent the largest share of director compensation, at 56% and 37%, respectively.
- The average annual retainer increased by 3% to $136,133.
- Seventy-six percent of boards provide stock grants to directors in addition to a cash retainer.
- Ninety-one percent of the 176 boards with independent board chairs provide additional compensation to the board chair, averaging $164,205. Eighty-two percent of boards with a lead or presiding director provide additional compensation to directors serving in those roles, averaging $44,314.

9%

increase in average total director compensation from 2017

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