

2022 Spencer Stuart Communication Services Sector Snapshot

The boards of the 22 communication services companies in the S&P 500 index tend to be younger and more diverse than other sectors.

- » These boards are composed of an average of **10.2** directors, slightly smaller than the overall S&P 500 average of 10.8.
- » Communication services directors' average tenure is **8 years**, longer than the overall S&P 500 average of 7.8. They have a maximum average tenure of **13.4 years**.
- » With an average age of **61 years**, communication services boards are the youngest of the S&P 500 index, compared to an S&P 500 average of 63.1. The oldest communication services board averages **68.4** years of age.
- » Only **36%** of communication services boards have a mandatory retirement age, lower than any other sector and compared with 70% of S&P 500 boards overall.
- » The average mandated retirement age for directors in this sector is **73**, slightly lower than the total S&P 500 average of 73.8.
- » Independence of communication services boards averages **79%** compared with 86% for S&P 500 boards overall.
- » These boards' average compensation is **\$346,647**, which is significantly higher than the \$316,091 average for S&P 500 boards overall.¹

¹ This is average compensation excluding chair pay. The average compensation including chair pay is \$351,573 for communication services firms, and \$322,015 for S&P 500 firms overall.

Diversity

Boards of communication services companies are the most diverse of all sectors in the S&P 500 index. Half of their directors belong to historically underrepresented groups (this includes directors who are female, from underrepresented racial or ethnic groups and/or are LGBTQ+). This is above the S&P 500 total of 46% and is the highest representation of any industry in the S&P 500 universe.

Women account for 33% of communication services directors, slightly higher than the S&P 500 total of 32%. Only one other industry, the consumer sector, has a higher proportion of female directors (34%). The vast majority of communication services boards (91%) have two or more women, and 68% have more than three.

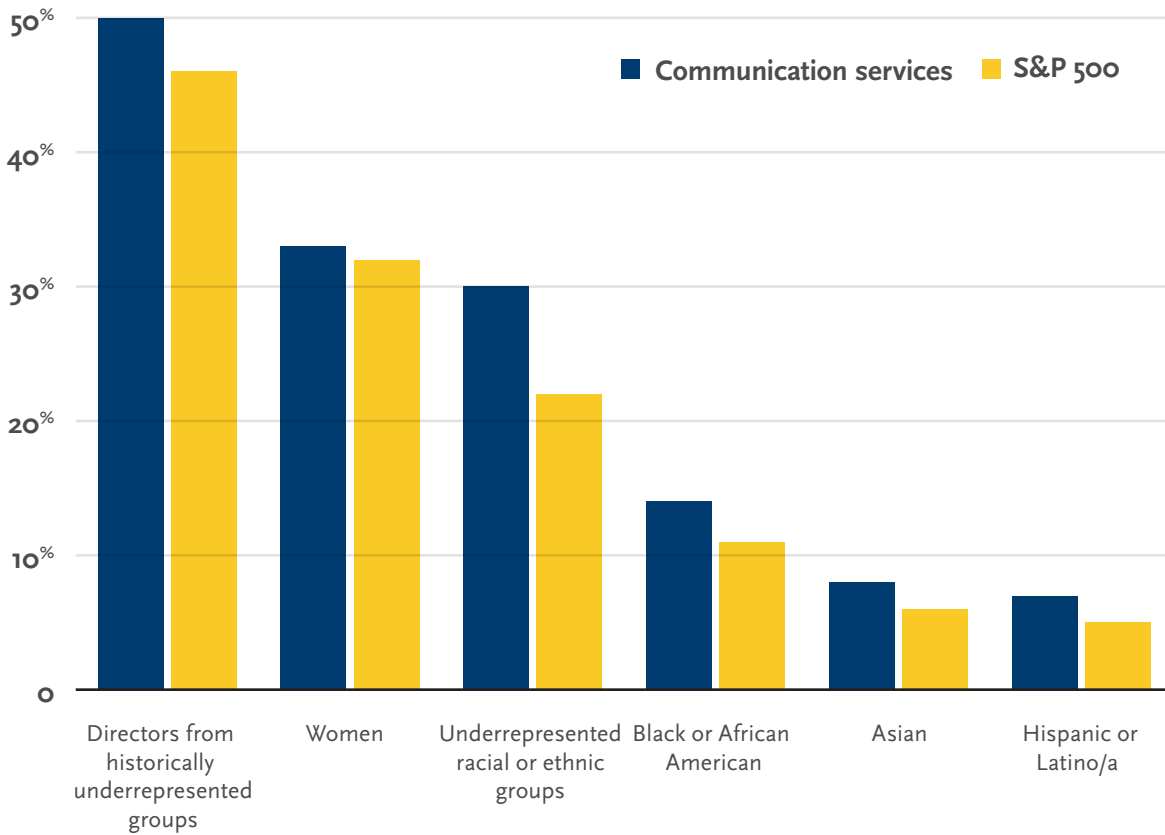
The figures for underrepresented racial or ethnic groups (defined as Black or African American, Asian, Hispanic or Latino/a, American Indian or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races) are also higher than the average for S&P 500 boards. Individuals from this group constitute 30% of directors on communication services boards, compared with 22% of the S&P 500.

Black or African American men and women represent 14% of communication services directors, which exceeds the S&P 500 total of 11% and their proportion of 13.6% of the U.S. population (according to U.S. Census Bureau data). Likewise, Asian directors represent 8% of communication services boards, compared with 5.9% of the overall population and 6% of S&P 500 directors.

Our research shows 7% of directors in this sector come from Hispanic or Latino/a backgrounds, higher than the S&P 500 total of 5% but lower than their proportion of the U.S. population (18.5%, according to the U.S. Census Bureau).

Only 27% have disclosed director-specific race or ethnicity details, compared to 39% of the S&P 500, and only 36% have adopted a policy like the Rooney Rule, requiring boards to include individuals from underrepresented groups in the candidate pool when recruiting new directors. Overall, 50% of the S&P 500 have this initiative in place.

DIVERSITY OF COMMUNICATION SERVICES SECTOR BOARDS



53%

of new independent directors in the communication services sector are women

New independent director backgrounds

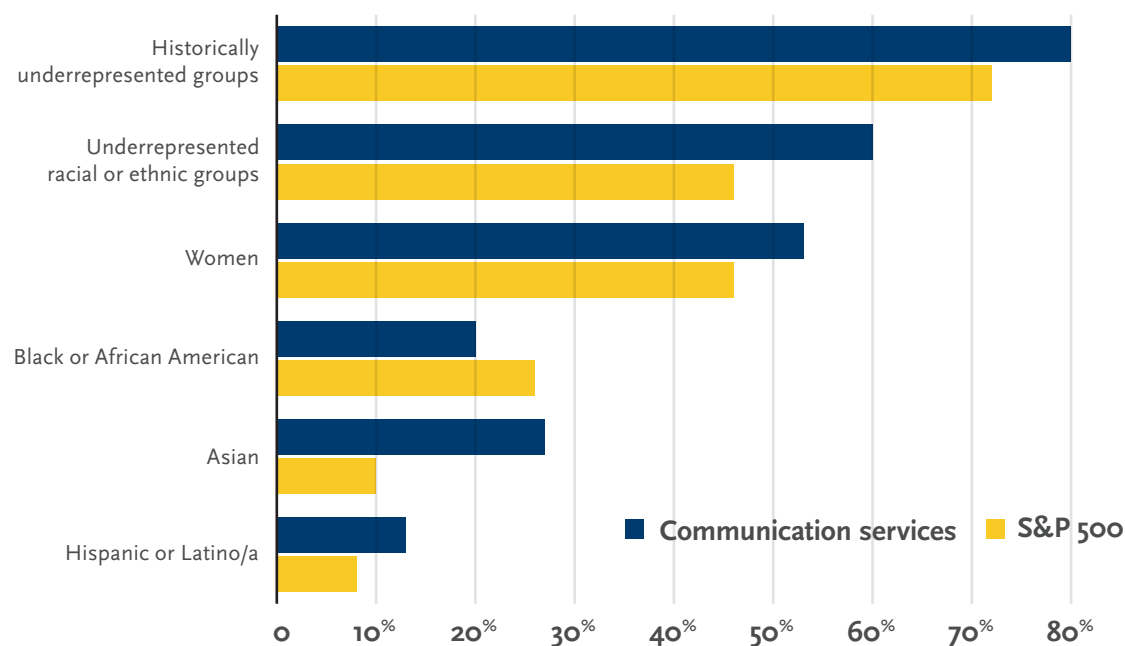
A total of 395 new independent directors joined S&P 500 boards in the past year, down from 456 in 2021. The communication services sector (which represents 5% of all S&P 500 companies) accounts for 15 of these directors, 4% of the total.

These new independent directors were the youngest of the S&P 500 index, with an average age of 53.2 years compared with the overall average of 57.3 years. Nearly 80% were active in their role (rather than retired), compared with 56% across the S&P 500. Just under half (47%) were first-time directors, compared with 34% of directors joining S&P 500 boards, and the highest of all sectors. Next-gen directors aged 50 and younger accounted for 40% of the incoming class, compared to 18% of the S&P 500 incoming class.

A significant number of new independent directors elected to communication services boards come from underrepresented groups. More than half (53%) are women, the strongest representation of all sectors apart from real estate. A further 27% are Asian and 13% are Hispanic or Latino/a, both of which are higher than the S&P 500 totals of 10% and 8%, respectively. Two in 10 (20%) were Black or African American, lower than the S&P 500 total of 26%.

New directors joining the communication services boards are twice as likely to be line/functional leaders compared with the S&P 500 (40% vs 20%). Active CEOs make up 27% of new directors and 13% come from legal backgrounds, the most of any sector.

DIVERSITY OF NEW INDEPENDENT DIRECTORS JOINING COMMUNICATION SERVICES SECTOR BOARDS



NEW INDEPENDENT DIRECTOR FUNCTIONAL BACKGROUNDS

	Communication services sector	S&P 500 overall
CEOs	27%	23%
<i>Active</i>	27%	12%
<i>Retired</i>	0%	11%
Chairs/presidents/COOs	0%	3%
<i>Active</i>	0%	2%
<i>Retired</i>	0%	1%
Line/functional leaders	40%	20%
Division/subsidiary leaders	0%	13%
Finance/accounting executives	7%	22%
<i>Financial executives/CFOs/treasurers</i>	7%	12%
<i>Investment managers/investors</i>	0%	6%
<i>Bankers/investment bankers</i>	0%	4%
<i>Public accounting executives</i>	0%	1%
Academics/nonprofit executives	7%	4%
Consultants	0%	2%
Legal	13%	5%
Others	7%	7%

Board leadership

Only a minority of communication services CEOs also chair the board of directors, with 64% of boards in this sector separating the roles of chair and CEO. This is higher than the S&P 500 total of 57%.

Nearly six in 10 communication services boards (59%) have a lead director, compared with 68% of S&P 500 boards. These lead directors tend to be more diverse than in other industries: 15% are female and 23% are from underrepresented racial or ethnic groups, compared with the overall S&P 500 totals of 14% and 10%.

The number of executive chairs is slightly lower, with only 14% of communication services boards appointing one compared to the 15% of the S&P 500. Boards in the communication services sector are also less likely than some others to have an independent chair, with 32% choosing to elect one, compared with 36% of the S&P 500. Of the independent chairs that are elected, 14% are female, which is the same as the overall S&P 500 percentage. Twenty-nine percent are from underrepresented racial or ethnic groups, which is considerably higher than the 9% number for the S&P 500.

Board organization and processes

Boards in the communication services sector typically have 10.2 members, slightly smaller than the S&P 500 average of 10.8. Its boards meet more frequently than those of other sectors, averaging 9 meetings per year while the S&P 500 (including this sector) averages 8.3.

In addition to audit, compensation and nominating/governance committees, 9% of communication services boards also have a risk committee; 27% have an executive committee; and 18% have a finance committee. However, none has a technology committee.

BOARD ORGANIZATION AND PROCESS

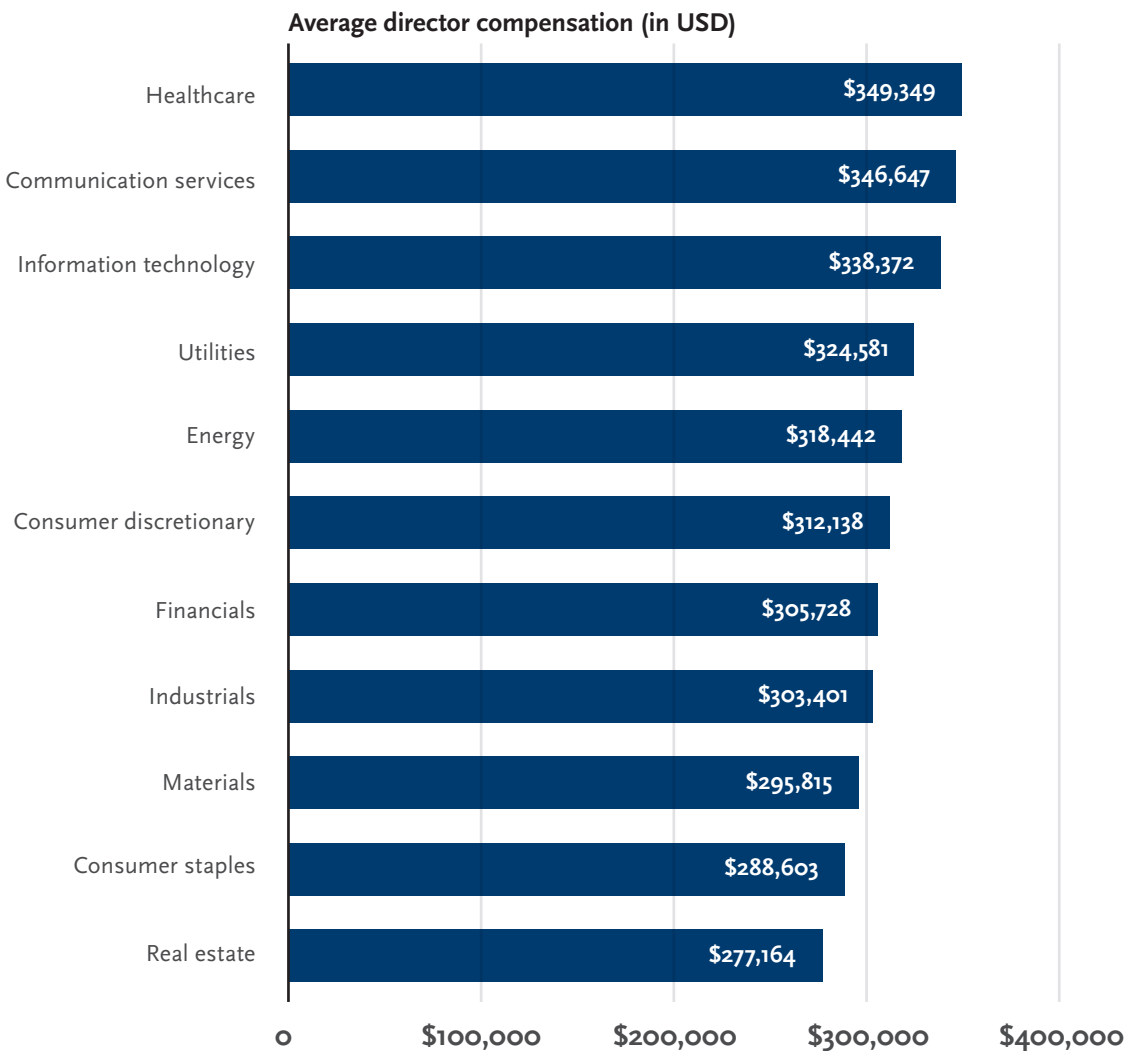
	2022 Communication services	2022 S&P 500
Classified board	13.6%	11.2%
Board meetings (avg #)	9.0	8.3
Board committees (avg #)	3.7	4.2
Audit committee		
<i>Size (avg #)</i>	3.5	4.4
<i>Meetings (avg #)</i>	8.1	8.2
Compensation committee		
<i>Size (avg #)</i>	3.9	4.3
<i>Meetings (avg #)</i>	6.6	6
Nominating/governance committee		
<i>Size (avg #)</i>	3.9	4.5
<i>Meetings (avg #)</i>	4.7	4.7
Mandatory retirement	36%	70%
Retirement age (avg)	73.0	73.8

Compensation

The average compensation, excluding chair fees, of directors on communication services boards is \$346,647, significantly higher than the \$316,091 average for S&P 500 boards overall.

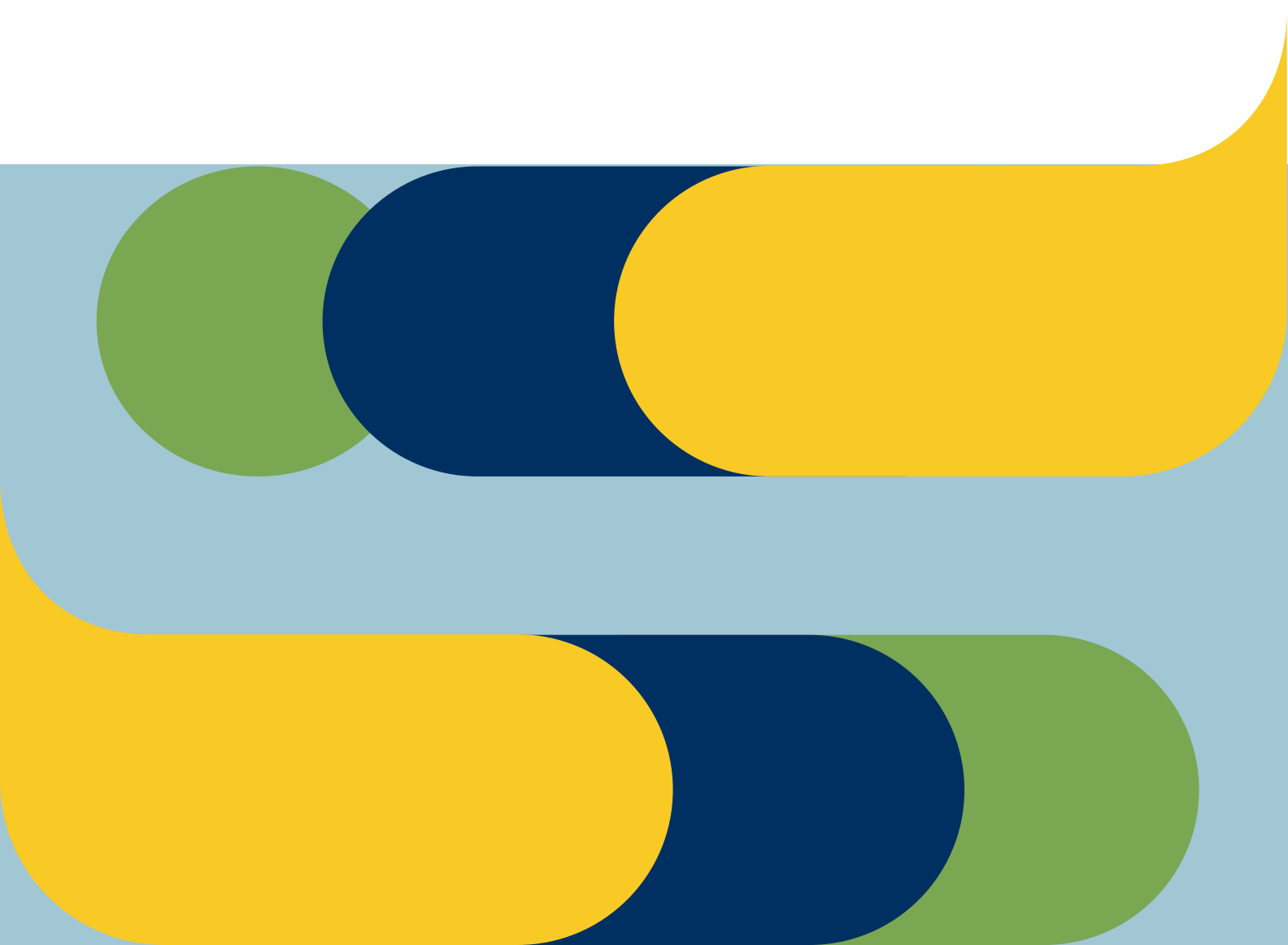
Compared with the S&P 500 average, directors on communication services boards receive a slightly lower percentage of their compensation in cash (33% vs 37%) and a higher percentage of stock awards than the S&P 500 total (60% vs 56%). The percentage of compensation paid as stock option grants is slightly higher than the S&P 500 total (6% vs 5%).

AVERAGE DIRECTOR COMPENSATION



List of communication services sector companies

- » Activision Blizzard
- » Alphabet
- » AT&T
- » Charter Communications
- » Comcast Corporation
- » DISH Network Corporation
- » Electronic Arts
- » Fox Corporation
- » The Interpublic Group of Companies
- » Live Nation Entertainment
- » Lumen Technologies
- » Match Group
- » Meta Platforms
- » Netflix
- » News Corporation
- » Omnicom Group
- » Paramount Global
- » T-Mobile US
- » Take-Two Interactive Software
- » Twitter
- » Verizon Communications
- » The Walt Disney Company



Editor's note

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) women ii) underrepresented racial or ethnic groups iii) LGBTQ+ *when disclosed*.

- » “Underrepresented racial or ethnic groups” is defined to mean an individual who self-identifies as one or more of the following: Black or African American, Asian, Hispanic or Latino/a, American Indian or Alaska Native, Native Hawaiian or 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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