

2022 Spencer Stuart Consumer Sector Snapshot

Boards of consumer sector companies in the S&P 500 — a universe of 88 companies — tend to be younger and lower paid than other sectors.

- » The average age of independent directors on consumer boards is **62** years, younger than the 63.1-year average for S&P 500 boards.
- » Consumer boards average **10.8** directors, which is the same average as S&P 500 boards overall.
- » Independent directors represent **83%** of all directors on consumer boards, compared with 86% for the S&P 500 universe.
- » The average board tenure of independent directors on consumer boards is **8** years, longer than the S&P 500 average of 7.8 years.
- » The longest-tenured consumer board is **14.3** years.
- » Sixty-eight percent of consumer boards have a mandatory retirement age, slightly lower than S&P 500 boards overall.
- » The average mandated retirement age for directors in this sector is **73.3**, slightly lower than the S&P 500 average.
- » These boards' average compensation is **\$303,580**, which is lower than the \$316,091 average for S&P 500 boards overall.¹

¹ This is average compensation excluding chair pay.

Diversity

The diversity of consumer boards is broadly equal to the diversity of the S&P 500 universe. Directors from historically underrepresented groups (defined as individuals who self-identify in one or more of the following categories: women, underrepresented racial or ethnic groups or the LGBTQ+ community) make up 47% of directors on consumer boards, compared with 46% of S&P 500 boards.

Women represent 34% of all consumer board members in 2022, which is higher than the 32% of S&P 500 directors overall and the highest of any sector.

Directors belonging to 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) make up 23% of consumer boards — slightly higher than the average of 22% across all the S&P 500.

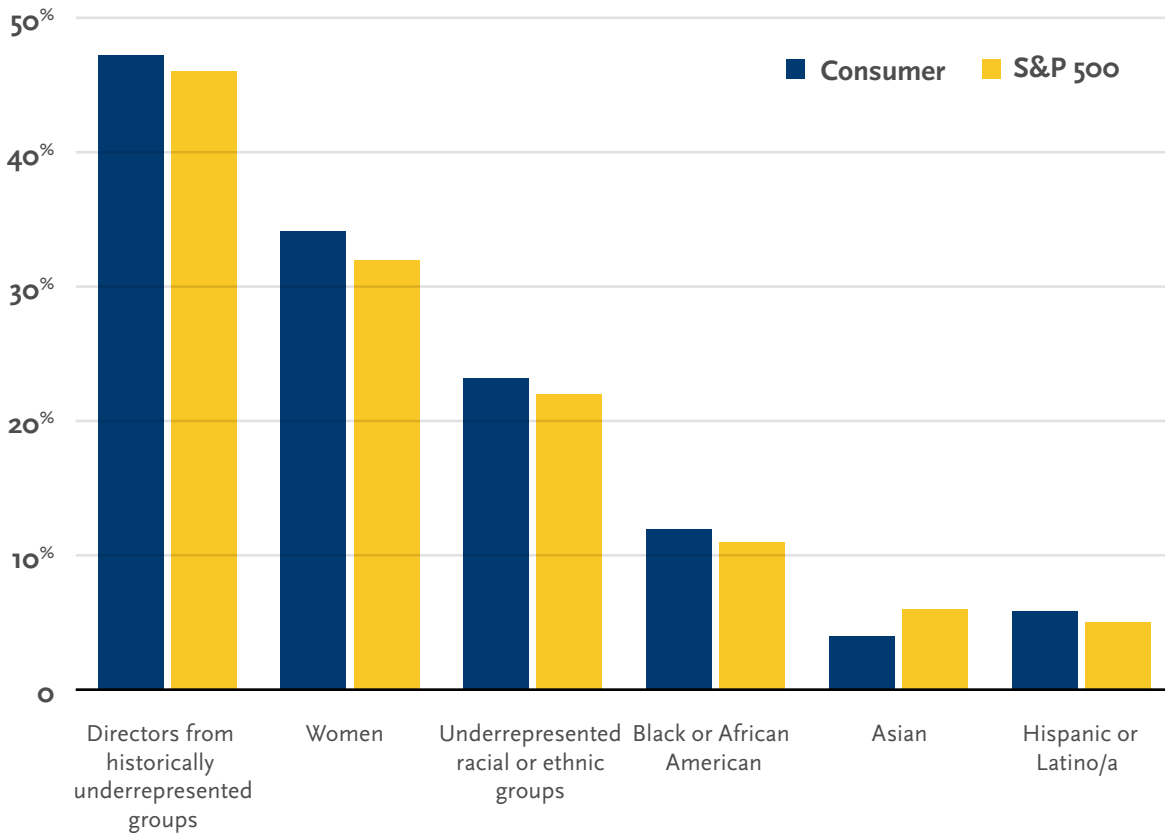
Asian directors make up 4% of consumer boards, which is lower than both the S&P 500 total of 6% and the proportion of the U.S. population (5.9%) according to the U.S. Census Bureau.

The sector has more Black or African American directors than the S&P 500 (12% vs 11%) and a greater proportion of Hispanic or Latino/a directors (6% vs 5%). However, both fall short of the U.S. as a whole, where Black or African American individuals represent 13.4% of the population and Hispanic or Latino/a represent 18.5%.

The vast majority (80%) of consumer boards have at least two Black or African American, Hispanic or Latino/a or Asian directors, compared with 75% of S&P 500 boards. Nearly the entire S&P 500 (98%) has at least two women directors, and 81% have three or more women directors. In the consumer sector, 98% of boards have at least two women directors and 83% have three or more.

Just 23% of consumer boards disclose director-specific race or ethnicity details, the lowest of any sector compared with 39% of all S&P 500 boards. Nearly half (48%) have a commitment to adopt a Rooney Rule-like policy, which requires boards to include individuals from underrepresented groups in the candidate pool when recruiting new directors. This is less than the 50% of S&P 500 boards overall.

DIVERSITY OF CONSUMER SECTOR BOARDS



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 consumer sector represents 18% of S&P 500 boards overall and accounts for 60 of these directors, or 15% of the total.

These new independent directors had an average age of 55.2 years, younger than the overall average of 57.3 years. Of this incoming class, 40% joined the board as first-time directors — higher than the overall S&P 500 proportion of 34% and the second highest proportion of all sectors.

The majority of new directors are from historically underrepresented groups (78%), which is higher than the S&P 500 total of 72% and the second highest sector overall. Consumer boards recruited a higher-than-average number of new directors from Black or African American and Hispanic or Latino/a backgrounds (32% and 10%, respectively, compared with the S&P 500 proportions of 26% and 8%). However, only 7% are Asian — lower than the overall S&P 500 proportion of 10%.

Just over half of new directors in the consumer sector are men and 48% are women. This is just above the overall S&P 500 proportion of 46%.

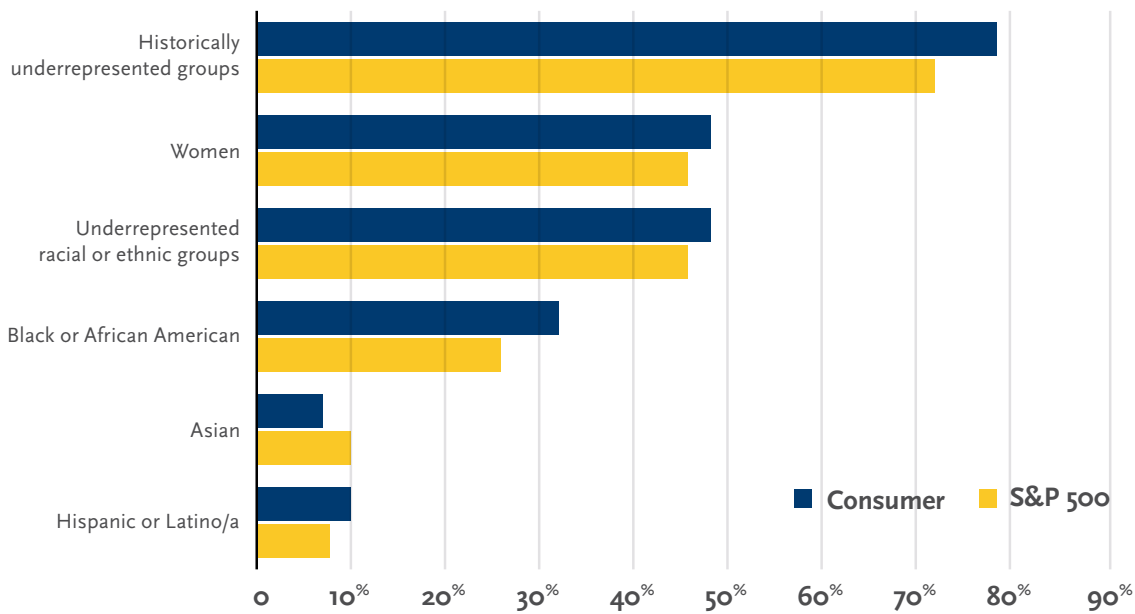
48%

of new independent directors in the consumer sector are women

Of this incoming class, 30% are next-gen directors (aged 50 and younger), higher than the overall S&P 500 index proportion of 18%. Only 37% of new directors are retirees, compared with 44% of the S&P 500 overall.

CEOs make up 30% of new directors joining consumer boards, higher than the S&P 500 total and the highest of all sectors. Twenty-two percent are active CEOs and 8% are retired.

DIVERSITY OF NEW INDEPENDENT DIRECTORS JOINING CONSUMER SECTOR BOARDS



NEW INDEPENDENT DIRECTOR FUNCTIONAL BACKGROUNDS

	Consumer sector	S&P 500 overall
CEOs	30%	23%
<i>Active</i>	22%	12%
<i>Retired</i>	8%	11%
Chairs/presidents/COOs	8%	3%
<i>Active</i>	7%	2%
<i>Retired</i>	2%	1%
Line/functional leaders	20%	20%
Division/subsidiary leaders	15%	13%
Finance/accounting executives	12%	22%
<i>Financial executives/CFOs/treasurers</i>	10%	12%
<i>Investment managers/investors</i>	0%	6%
<i>Bankers/investment bankers</i>	2%	4%
<i>Public accounting executives</i>	0%	1%
Academics/nonprofit executives	5%	4%
Consultants	0%	2%
Legal	5%	5%
Others	5%	7%

Board leadership

Our research shows that 66% of consumer boards separate the chair and CEO roles — higher than the overall S&P 500 average of 57%. The majority (68%) of all consumer boards have a lead director, which is the same proportion as the S&P 500 overall.

This sector is less likely than the S&P 500 overall to have an independent chair, with 33% of boards appointing one. However, of the independent chairs that were elected in 2022, 21% are women, which is higher than the S&P 500 total of 14%. Just 7% are from underrepresented racial or ethnic groups, compared with 9% for the S&P 500 overall.

Sixty-eight percent of consumer boards have a lead director, the same as the S&P 500 overall. More than a quarter (26%) of consumer boards appoint an executive chair. This is the highest of all sectors and higher than the overall S&P 500 proportion of 15%.

Board organization and process

Consumer boards and committees meet less frequently than other S&P 500 primary sectors, with 7.4 meetings per year compared with an overall S&P 500 average of 8.3.

They also have fewer committees, averaging 4 compared with an average of 4.2 across all S&P 500 firms. After audit, compensation and nominating/governance committees, the most prevalent consumer board committees are finance (31% of consumer boards) and executive (25% of consumer boards).

Overall, 10.2% of consumer companies have classified boards, slightly lower than 11.2% of S&P 500 companies. While 70% of S&P 500 boards have adopted mandatory retirement policies, the consumer sector falls slightly below this at 68%. The average retirement age is also slightly below average at 73.3, compared to the overall S&P 500 figure of 73.8.

BOARD ORGANIZATION AND PROCESS

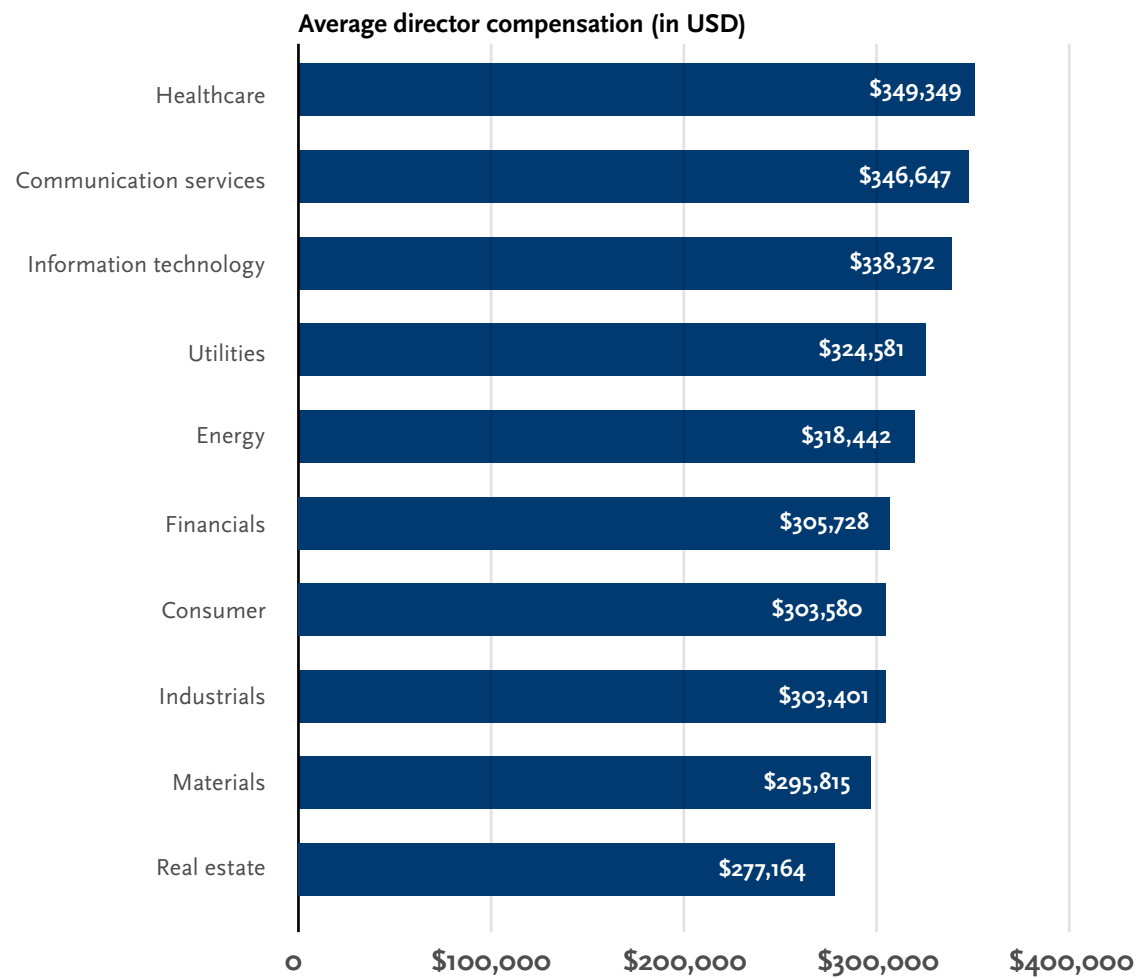
	2022 Consumer	2022 S&P 500
Classified board	10.2%	11.2%
Board meetings (avg #)	7.4	8.3
Board committees (avg #)	4.0	4.2
Audit committee		
<i>Size (avg #)</i>	4.3	4.4
<i>Meetings (avg #)</i>	7.7	8.2
Compensation committee		
<i>Size (avg #)</i>	4.1	4.3
<i>Meetings (avg #)</i>	5.9	6
Nominating/governance committee		
<i>Size (avg #)</i>	4.4	4.5
<i>Meetings (avg #)</i>	4.5	4.7
Mandatory retirement	68%	70%
Retirement age (avg)	73.3	73.8

Compensation

The average compensation of directors on consumer sector boards is \$303,580, which is lower than the \$316,091 average for the S&P 500 overall.²

Compared with the S&P 500 average, directors on consumer boards receive a significantly higher percentage of their compensation as stock option grants (10% vs 5%) — the highest of any sector. A lower-than-average percentage is paid in cash (35% vs 37%) and stock grants (52% vs 56%).

AVERAGE DIRECTOR COMPENSATION



² This is average compensation excluding chair pay.

List of consumer sector companies

- » Advance Auto Parts, Inc.
- » Altria Group, Inc.
- » Amazon.com, Inc.
- » Aptiv PLC
- » Archer-Daniels-Midland Company
- » AutoZone, Inc.
- » Bath & Body Works, Inc.
- » Best Buy Co., Inc.
- » Booking Holdings Inc.
- » BorgWarner Inc.
- » Brown-Forman Corporation
- » Caesars Entertainment, Inc.
- » Campbell Soup Company
- » CarMax, Inc.
- » Carnival Corporation & plc
- » Chipotle Mexican Grill, Inc.
- » Church & Dwight Co., Inc.
- » The Clorox Company
- » The Coca-Cola Company
- » Colgate-Palmolive Company
- » Conagra Brands, Inc.
- » Constellation Brands, Inc.
- » Costco Wholesale Corporation
- » D.R. Horton, Inc.
- » Darden Restaurants, Inc.
- » Dollar General Corporation
- » Domino's Pizza, Inc.
- » eBay Inc.
- » The Estée Lauder Companies Inc.
- » Etsy, Inc.
- » Expedia Group, Inc.
- » Ford Motor Company
- » Garmin Ltd.
- » General Mills, Inc.
- » General Motors Company
- » Genuine Parts Company
- » The Hershey Company
- » Hilton Worldwide Holdings Inc.
- » The Home Depot, Inc.
- » Hormel Foods Corporation
- » The J.M. Smucker Company
- » Kellogg Company
- » Kimberly-Clark Corporation
- » The Kraft Heinz Company
- » The Kroger Co.
- » Lamb Weston Holdings, Inc.
- » Las Vegas Sands Corporation
- » Lennar Corporation
- » LKQ Corporation
- » Lowe's Companies, Inc.
- » Marriott International, Inc.
- » McCormick & Company, Inc.
- » MGM Resorts International
- » Mohawk Industries, Inc.
- » Molson Coors Brewing Company
- » Mondelēz International, Inc.
- » Monster Beverage Corporation
- » Newell Brands Inc.
- » Nike, Inc.
- » Norwegian Cruise Line Holdings Ltd.
- » NVR, Inc.
- » O'Reilly Automotive, Inc.
- » PENN Entertainment, Inc.
- » PepsiCo, Inc.
- » Philip Morris International Inc.
- » Pool Corporation
- » The Procter & Gamble Company
- » PulteGroup, Inc.
- » PVH Corp.
- » Ralph Lauren Corporation
- » Ross Stores, Inc.
- » Royal Caribbean Group
- » Starbucks Corporation
- » Sysco Corporation
- » Tapestry, Inc.
- » Target Corporation
- » Tesla, Inc.
- » The TJX Companies, Inc.
- » Tractor Supply Company
- » Tyson Foods, Inc.
- » Ulta Beauty, Inc.
- » Under Armour, Inc.
- » VF Corporation
- » Walgreens Boots Alliance, Inc.
- » Walmart Inc.
- » Whirlpool Corporation
- » Wynn Resorts, Limited
- » Yum! Brands, Inc.

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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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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