

2023 Spencer Stuart Communication Services Sector Snapshot

Boards of communication services companies in the S&P 500 index tend to be longer tenured, younger and more diverse than S&P 500 boards.

- » The average age of independent directors on communication services boards is 61.5 years, lower than the 63.3 year average for S&P 500 boards and the lowest of all sectors.
- » The youngest average age of a communication services board is 54.0 years, the oldest is 67.6.
- » Communication services boards average 10.4 directors, smaller compared to 10.8 average of S&P 500 boards.
- » Independence of communication services boards averages 78%, compared to 85% for S&P 500 boards and the lowest of all sectors.
- » The average board tenure of independent directors on communication services boards is 8.6 years, higher than the 7.8 average for S&P 500 boards and the highest of all sectors.
- » The longest-tenured communication services board averages 13.1 years.

New independent director backgrounds

Nine communication services companies — 45% of the surveyed S&P 500 sector, below the 53% for the S&P 500 universe and the lowest of all sectors — added at least one independent director over the past year. Appointees averaged 58.9 years of age, higher than the 58.0 average for all independent directors joining S&P 500 boards. First-time directors represented 12% of independent directors joining communication services boards — below the 31% for the S&P 500 and the second lowest of all sectors.

Thirty-five percent (35%) of the 17 independent directors joining communication services boards are actively employed, the second lowest of all sectors and compared to half (50%) of independent directors joining S&P 500 boards this year.

Compared to the S&P 500 incoming class of independent directors, communication services boards recruited in 2023 a higher percentage of retired CEOs and financial pros and a lower percentage of P&L and functional leaders. Its recruitment of active/retired CEOs was second highest of all sectors. It appointed the highest percentage of investment professionals of all sectors.

	2023 Communication Services	2023 S&P 500
CEOs	41%	30%
<i>Active</i>	12%	14%
<i>Retired</i>	29%	16%
Chairs/presidents/COOs	0%	4%
<i>Active</i>	0%	2%
<i>Retired</i>	0%	2%
Functional leaders	12%	16%
P&L leaders	6%	10%
Financial backgrounds	29%	27%
<i>Financial executives/CFOs/treasurers</i>	12%	15%
<i>Investment managers/investors</i>	18%	7%
<i>Bankers/investment bankers</i>	0%	2%
<i>Public accounting executives</i>	0%	3%
Academics/nonprofit executives	0%	3%
Consultants	0%	2%
Legal	6%	3%
Others	6%	5%
Total		
<i>Active</i>	65%	50%
<i>Retired</i>	35%	50%

Board leadership

The chair and CEO roles are separated at 65% of communication services boards — higher than the 59% of S&P 500 boards. Executive chairs are in place at 20% of communication services boards, tied with the real estate sector as the second highest of all primary sectors, versus 15% for the S&P 500. Communication services boards have the second lowest percentage of independent board leaders: 30% independent chairs compared to 39% of the S&P 500 and 60% independent lead directors compared to 65% of the S&P 500.

Board organization and process

Compared to the S&P 500, fewer communication services boards have annual elections of directors, majority voting for directors (the lowest percentage of all sectors) and stock ownership requirements for directors (the lowest percentage of all sectors).

	2023 Communication Services	2023 S&P 500
Annual elections of directors	85%	89%
Majority voting for directors	60%	88%
Stock ownership requirements for directors	80%	93%

Communication services boards are smaller compared to the average S&P 500 board. The sector ties with the information technology sector for having the lowest average number of board committees. The average size of audit, compensation and nominating/governance committees of communication services boards are the smallest of all S&P 500 sectors.

	2023 Communication Services	2023 S&P 500
Board		
Size (avg #)	10.4	10.8
Meetings (avg #)	8.5	7.6
Board committees (avg #)	3.6	4.2
Audit committee		
Size (avg #)	3.4	4.5
Meetings (avg #)	8.3	8.2
Compensation committee		
Size (avg #)	3.9	4.3
Meetings (avg #)	6.8	5.8
Nominating/governance committee		
Size (avg #)	3.8	4.4
Meetings (avg #)	4.5	4.6

The communication services sector is the sole sector reporting only two additional board committees: executive and finance.

	2023 Communication Services	2023 S&P 500
Committees		
Finance	20%	26%
Executive	30%	25%
Science/tech/cyber	0%	15%
Environmental/health/safety	0%	13%
Risk	0%	12%
Legal	0%	6%
Social responsibility	0%	6%
Investment	0%	3%
Strategy	0%	1%
Innovation	0%	1%
DEI	0%	1%

Turnover policies

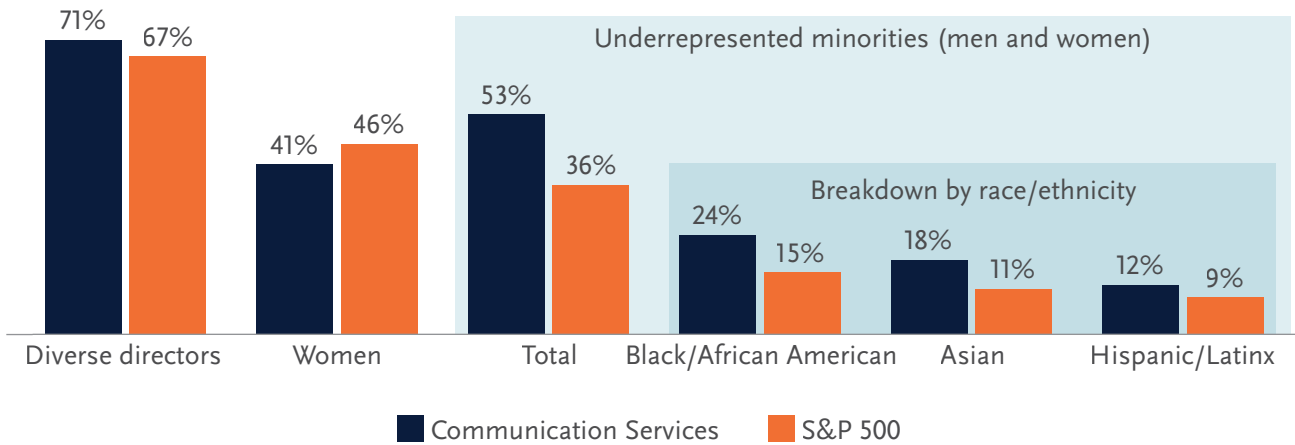
The communication services sector has the lowest percentage of term limits (tied with information technology) and age caps.

	2023 Communication Services	2023 S&P 500
Mandatory retirement policy		
<i>% companies</i>	35%	69%
<i>Retirement age (avg yrs)</i>	73.1	74.0
Tenure policy		
<i>% companies</i>	5%	8%
<i>Tenure limit (avg yrs)</i>	15.0	14.4
Material change resignation policy		
<i>% companies</i>	85%	88%

Diversity — communication services incoming class

Directors from diverse communities — defined using the Nasdaq definition of directors who self-identify as female and/or an underrepresented minority (Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races or ethnicities), and/or LGBTQ+ — constituted 71% of the 17 independent directors joining communication services boards over the past year, compared to 67% of independent directors joining S&P 500 boards and the second highest of all sectors. More than half are underrepresented minorities — the highest percentage of all sectors. The sector appointed a lower percentage of women (41%) compared to the S&P 500.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING COMMUNICATION SERVICES BOARDS



Diversity — communication services boards

Half of all directors serving on communication services boards are diverse, higher than the S&P 500. Communication services boards are composed of the highest percentage of underrepresented minorities of all sectors.

	Diverse directors	Women	Underrepresented minorities (men and women)				Boards with...	
			Black/African American	Asian	Hispanic/Latinx	Total	3 or more women	3 or more URM
Communication Services	50%	32%	14%	8%	6%	28%	70%	75%
S&P 500	48%	33%	11%	6%	5%	24%	87%	48%

Diversity — board leadership

The communication services sector has the highest percentage of all sectors of underrepresented minorities serving as independent chair or independent lead director. The sector and the utilities sector are the only sectors with no women serving as independent board chair.

	2023 Communication Services	2023 S&P 500
Independent chair		
% women	0%	18%
% underrepresented minority	33%	8%
Independent lead director		
% women	17%	15%
% underrepresented minority	33%	12%

Communication Services companies

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



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