

## 2023 Spencer Stuart Utilities Sector Snapshot

Boards of utilities companies in the S&P 500 index tend to be older, more independent and more diverse than S&P 500 boards. The sector — comprised of 30 companies — generally aligns with the S&P 500 on a variety of other governance metrics.

- » The average age of independent directors on utilities boards is 63.9 years, older compared to 63.3 years for S&P 500 boards.
- » The youngest average age of a utilities board is 55.7 years, the oldest is 68.6.
- » Utilities boards average 11.2 directors, larger than the 10.8 average of S&P 500 boards and the second largest of all sectors.
- » Independence of utilities boards averages 89%, higher than the 85% for S&P 500 boards and highest of all sectors.
- » The average board tenure of independent directors on utilities boards is 7.0 years, less than the 7.8 average for the S&P 500 and the second lowest of all sectors.
- » The longest-tenured utilities board averages 11.1 years.

## New independent director backgrounds

Sixteen utilities companies — 53% of the sector — added at least one independent director over the past year, matching the 53% for the S&P 500 universe. Appointees averaged 60.6 years of age, older than the 58.0 average for all independent directors joining S&P 500 boards and the oldest of all sectors. First-time directors represented 56% of independent directors joining utilities boards — higher than the 31% for the S&P 500 and the highest of all sectors.

Forty percent (40%) of the 25 independent directors joining utilities boards are actively employed, compared to half (50%) of independent directors joining S&P 500 boards this year.

Compared to the other sectors, utilities boards recruited in 2023 the highest percentage of lawyers, P&L and functional leaders. The sector added the lowest percentage of active or retired top executive (CEOs, chairs, presidents, COOs) of all sectors.

	2023 Utilities	2023 S&P 500
<b>CEOs</b>	<b>8%</b>	<b>30%</b>
<i>Active</i>	0%	14%
<i>Retired</i>	8%	16%
<b>Chairs/presidents/COOs</b>	<b>4%</b>	<b>4%</b>
<i>Active</i>	4%	2%
<i>Retired</i>	0%	2%
<b>Functional leaders</b>	<b>24%</b>	<b>16%</b>
<b>P&amp;L leaders</b>	<b>16%</b>	<b>10%</b>
<b>Financial backgrounds</b>	<b>24%</b>	<b>27%</b>
<i>Financial executives/CFOs/treasurers</i>	12%	15%
<i>Investment managers/investors</i>	4%	7%
<i>Bankers/investment bankers</i>	4%	2%
<i>Public accounting executives</i>	8%	3%
<b>Academics/nonprofit executives</b>	<b>0%</b>	<b>3%</b>
<b>Consultants</b>	<b>4%</b>	<b>2%</b>
<b>Legal</b>	<b>16%</b>	<b>3%</b>
<b>Others</b>	<b>4%</b>	<b>5%</b>
<b>Total</b>		
<i>Active</i>	40%	50%
<i>Retired</i>	60%	50%

## Board leadership

The chair and CEO roles are separated at 57% of utilities boards — below the 59% for the S&P 500 index. Executive chairs are in place at 13% of utilities boards, below the 15% of the S&P 500 index. Thirty-seven percent (37%) of utilities boards have an independent board chair, compared to 39% of S&P 500 boards. Nearly three quarters (73%) of utilities boards have an independent lead director, higher than the 65% of S&P 500 boards and the second highest of all sectors.

## Board organization and process

Compared to the S&P 500, a higher percentage of utilities boards have de-classified boards, majority voting for directors and stock ownership requirements for directors.

	2023 Utilities	2023 Utilities
Annual elections of directors	93%	89%
Majority voting for directors	93%	88%
Stock ownership requirements for directors	100%	93%

Utilities boards, on average, have the most board committees of all the sectors.

	2023 Utilities	2023 S&P 500
<b>Board</b>		
<i>Size (avg #)</i>	11.2	10.8
<i>Meetings (avg #)</i>	8.5	7.6
<i>Board committees (avg #)</i>	5.1	4.2
<b>Audit committee</b>		
<i>Size (avg #)</i>	4.8	4.5
<i>Meetings (avg #)</i>	6.9	8.2
<b>Compensation committee</b>		
<i>Size (avg #)</i>	4.6	4.3
<i>Meetings (avg #)</i>	6.0	5.8
<b>Nominating/governance committee</b>		
<i>Size (avg #)</i>	4.6	4.4
<i>Meetings (avg #)</i>	5.3	4.6

The most common additional committees for the utilities sector are: finance (the most of all sectors); executive; environmental/health/safety; science/tech/cyber; risk; and social responsibility.

	2023 Utilities	2023 S&P 500
Finance	70%	26%
Executive	37%	25%
Science/tech/cyber	13%	15%
Environmental/health/safety	37%	13%
Risk	10%	12%
Legal	0%	6%
Social responsibility	10%	6%
Investment	0%	3%
Strategy	0%	1%
Innovation	0%	1%
DEI	0%	1%

## Turnover policies

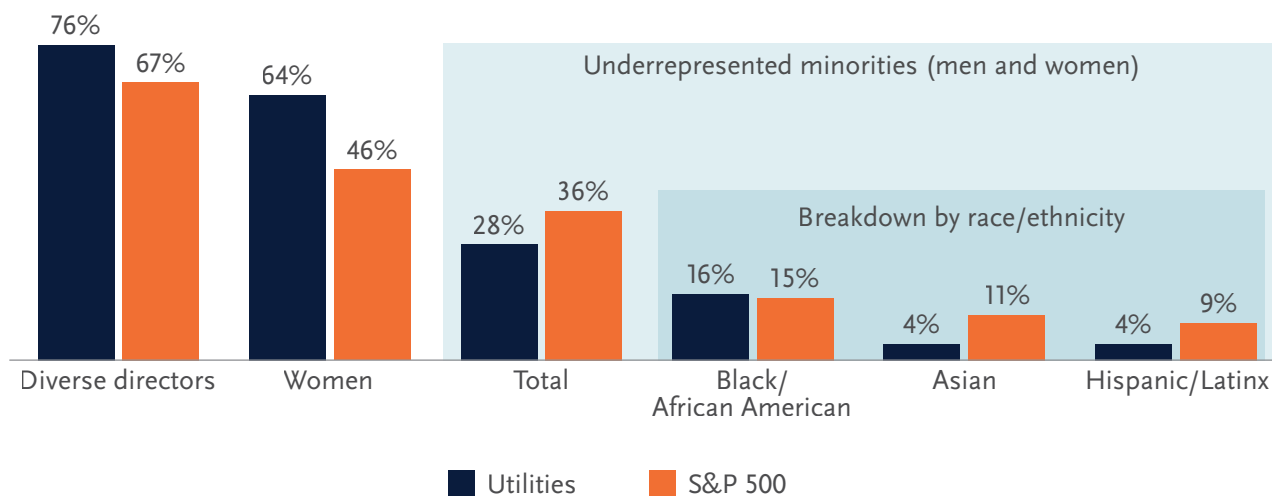
The utilities sector has the highest percentage of mandatory retirement policies of all sectors. Tenure policies are in place at 13% of the sector, compared to 8% of the S&P 500 index and the second highest of all sectors.

	2023 Utilities	2023 S&P 500
<b>Mandatory retirement policy</b>		
<i>% Companies</i>	90%	69%
<i>Retirement age (avg yrs)</i>	74.0	74.0
<b>Tenure policy</b>		
<i>% Companies</i>	13%	8%
<i>Tenure limit (avg yrs)</i>	14.5	14.4
<b>Material change resignation policy</b>		
<i>% Companies</i>	100%	88%

## Diversity — utilities sector 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 76% of the 25 independent directors joining utilities boards over the past year, outpacing the 67% of independent directors joining S&P 500 boards and the highest of all sectors. The sector added the highest percentage of women and the lowest percentage of underrepresented minorities of all the sectors.

## DIVERSITY OF INDEPENDENT DIRECTORS JOINING UTILITIES BOARDS



## Diversity — utilities boards

Diversity of utilities boards is the highest of all S&P 500 sectors, with the sector tying the consumer sector for the most women and holding second place for the most underrepresented minorities. The sector has the highest percentage of Black/African American directors.

	Underrepresented minorities (men and women)						Boards with...	
	Diverse directors	Women	Black/African American	Asian	Hispanic/Latinx	Total	3 or more women	3 or more URM
Utilities	52%	35%	17%	3%	7%	27%	93%	60%
S&P 500	48%	33%	11%	6%	5%	24%	87%	48%

## Diversity — board leadership

The utilities and communication services sectors are the only sectors lacking female independent chairs. The sector has the highest percentage of female independent lead directors.

	2023 Utilities	2023 S&P 500
<b>Independent chair</b>		
% women	0%	18%
% underrepresented minority	18%	8%
<b>Independent lead director</b>		
% women	32%	15%
% underrepresented minority	18%	12%

## Utilities companies

- » Alliant Energy Corporation
- » Ameren Corporation
- » American Electric Power Company
- » American Water Works Company
- » Atmos Energy Corporation
- » CenterPoint Energy
- » CMS Energy Corporation
- » Consolidated Edison
- » Constellation Energy Corporation
- » Dominion Energy
- » DTE Energy Company
- » Duke Energy Corporation
- » Edison International
- » Entergy Corporation
- » Evergy
- » Eversource Energy
- » Exelon Corporation
- » FirstEnergy Corporation
- » NextEra Energy
- » NiSource
- » NRG Energy
- » PG&E Corporation
- » Pinnacle West Capital Corporation
- » PPL Corporation
- » Public Service Enterprise Group
- » Sempra
- » The AES Corporation
- » The Southern Company
- » WEC Energy Group
- » Xcel Energy



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