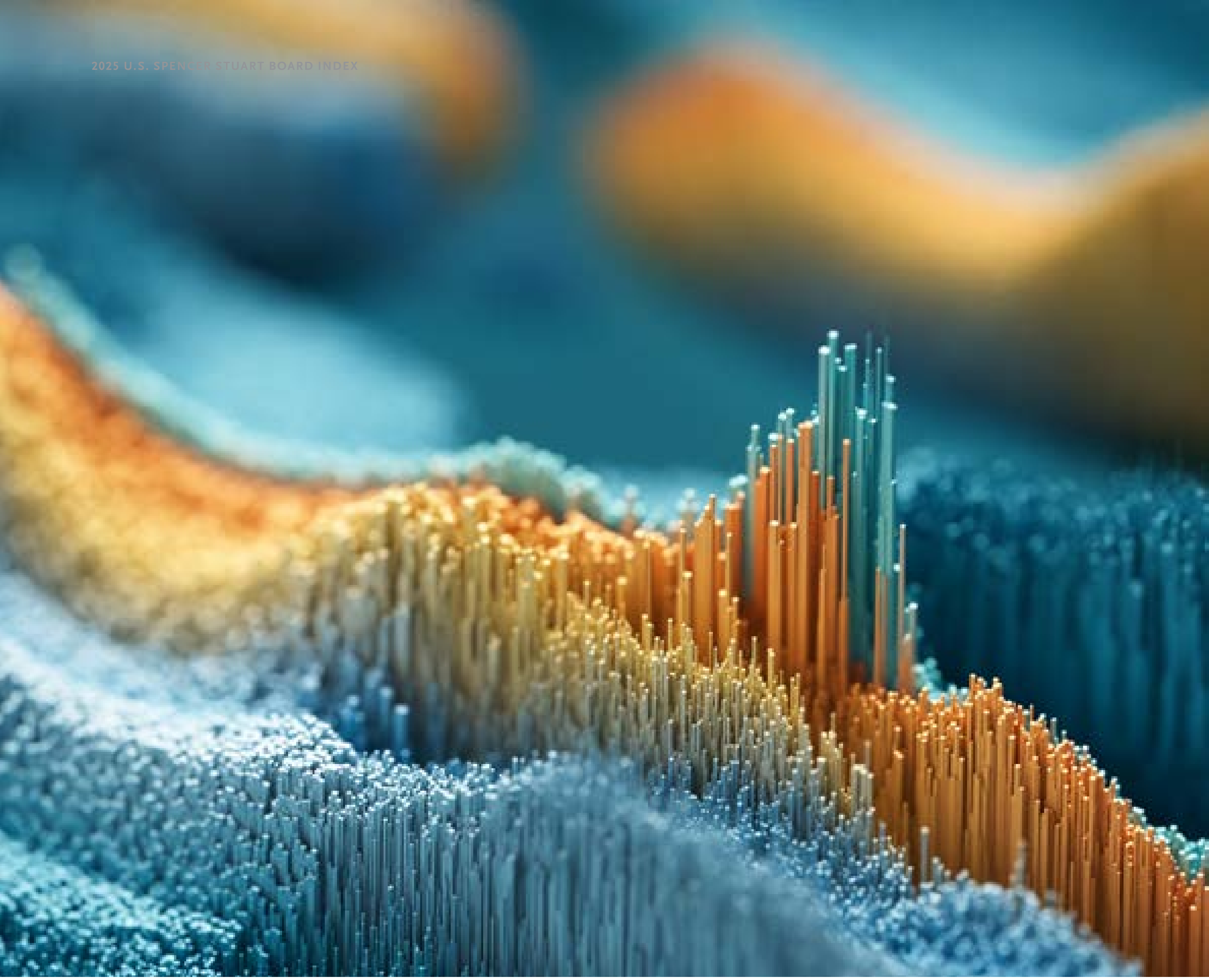
SpencerStuart

2025 U.S.

Spencer Stuart Board Index Highlights



2025 U.S. Spencer Stuart Board Index

This year marks the 40th anniversary of the ***U.S. Spencer Stuart Board Index*** — a milestone that underscores our long-standing commitment to advancing excellence in corporate governance. For four decades, our flagship publication has tracked the evolution of boardroom practices across the S&P 500, offering a clear view into how the composition, structure and priorities of the largest U.S. corporate boards continue to change.

The report sets out the trends revealed by our in-depth analysis of this year's proxy statements. We profile the "class of 2025" (directors appointed this year), highlight changing governance practices and discuss trends in directors' compensation.

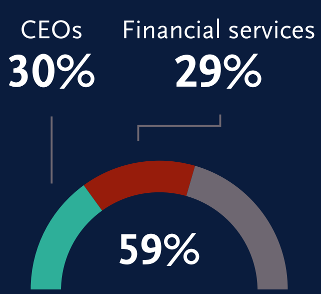
The Board Index has become a trusted reference that enables board leaders to benchmark their practices, structure high-performing boards and respond proactively to governance developments.

Who are boards recruiting?

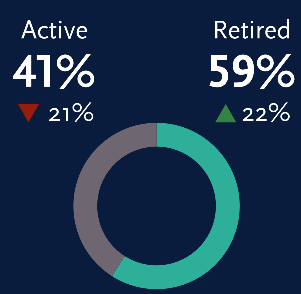
Under pressure for performance and oversight, boards are favoring experienced directors with CEO and financial expertise, resulting in a decline in first-time and younger appointees. Functional and technology backgrounds continue to be in demand.

BOARDS ARE PRIORITIZING EXPERIENCE

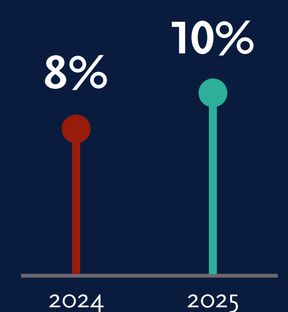
Like last year, the majority of incoming directors have CEO or financial experience



Unlike last year, more incoming directors are likely to be retired

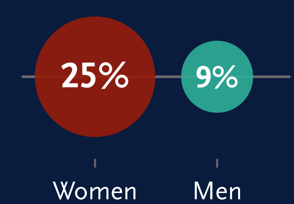


And a greater proportion are P&L leaders

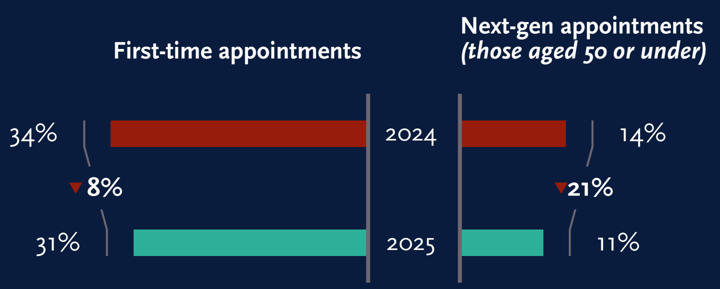


New female directors are more likely than male appointments to have functional expertise

Functional leaders



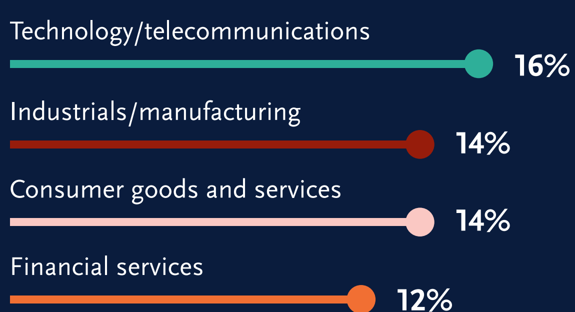
THERE ARE FEWER FIRST-TIME AND NEXT-GEN APPOINTMENTS



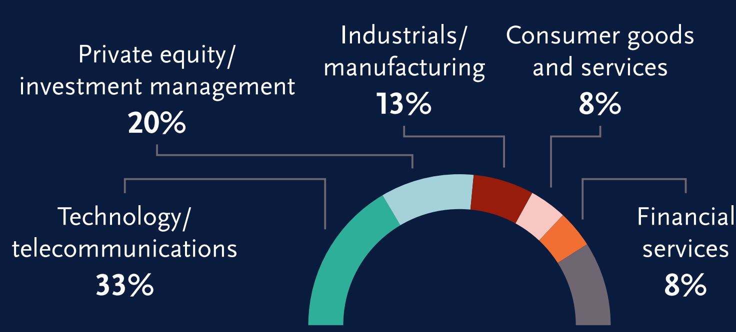
More new first-time directors have financial and functional experience

LIKE LAST YEAR, TECHNOLOGY BACKGROUNDS LEAD NEW APPOINTMENTS

Top industry backgrounds of new directors



Next-gen director appointments' top industry backgrounds



Board turnover and refreshment: What's changed?

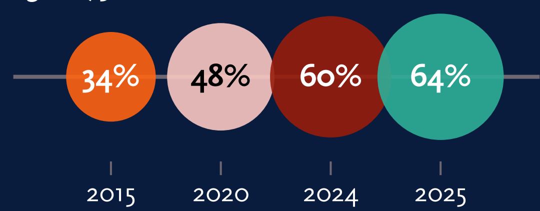
Refreshment is evolving only gradually as fewer S&P 500 boards enforce mandatory retirement and average age thresholds hold steady. Leadership structures and compensation levels are also shifting incrementally.

BOARDS ARE EASING MANDATORY RETIREMENT RULES

Fewer S&P 500 boards have mandatory retirement policies

And the retirement age of boards with these policies continues to rise

Boards with a mandatory retirement age of 75 or older



The average retirement age is

74

Unchanged **since 2018**

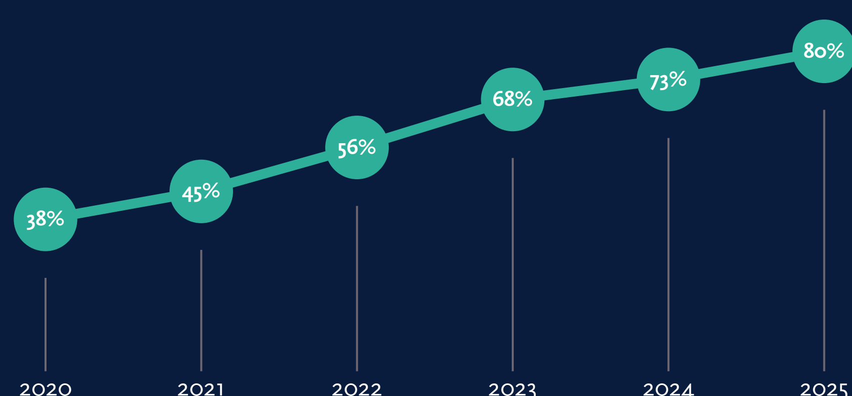
BUT BOARDS ARE IMPROVING THEIR ASSESSMENT CAPABILITIES

All but six boards reported carrying out some sort of annual performance evaluation

27%

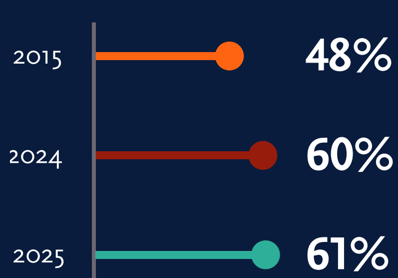
of boards work with an independent third party to facilitate the evaluation process *(down from 28% in 2024)*

In just five years, the percentage of boards including a director skills matrix in their proxies **has more than doubled**

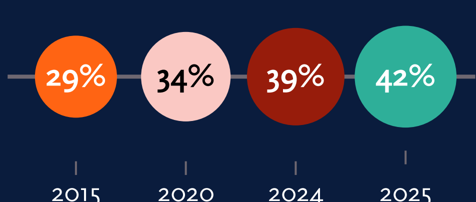


MEANWHILE, BOARD LEADERSHIP CONTINUES TO GRADUALLY EVOLVE

The trend of separating the chair and CEO roles has slowed

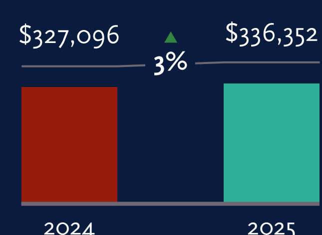


But the appointment of independent chairs has increased



AND COMPENSATION HAS INCREASED SLIGHTLY

Average total director compensation*



*Excluding the independent chair's fee

Our Perspective

From stability to stewardship: The evolving role of the board

Over the past 40 years, boardrooms have been tested by challenges spanning corporate scandals, financial crises and a global pandemic to expanding regulations, technological disruption, mounting geopolitical tensions and the growing influence of institutional investors. This has put directors to the test and forced boards to adapt. In 2025, these challenges have intensified, leaving directors navigating a landscape of heightened uncertainty and scrutiny.

Despite decades of transformation in how boards operate, the foundational purpose of a corporate board has remained constant: to oversee and advise management, promote accountability and legal compliance, guide long-term strategy, plan for CEO succession, oversee risk mitigation and safeguard the company's health and reputation.

But in today's increasingly complex and rapidly evolving business environment, boards should ask themselves: **How well equipped are we — in composition, structure and practices — to fulfill our core responsibilities?**

Boardroom readiness for a new era

This year marks the 40th edition of our annual *U.S. Spencer Stuart Board Index* — a singular vantage point on the progress boards have made and the progress still to come. Over the past four decades, boards have evolved from compliance orientation to a stronger strategic focus and engaged as stewards of long-term value.

As strategic stewards, boards help their companies remain resilient and competitive amid constant change. But are they optimally equipped to do that? In our 2025 study *Closing the Confidence Gap: Why the Board-CEO Relationship Needs a Reset*, only 22% of CEOs report receiving effective board support to navigate today's challenges.

That support could include holding management accountable, guiding strategic priorities, testing assumptions and fostering a culture that supports innovation — all within the boundaries of the board's oversight role. This is what will distinguish high-performing boards in the years ahead.

Six imperatives for high-performing boards:

1. **Ensure a winning strategy**
   With boards expected to play a more proactive and strategic role as stewards of long-term value, they must evolve their composition, capabilities and ways of working. This means recruiting directors based on a full set of qualifications needed to support the company's strategic direction — encompassing not just skills but also experiences and perspectives.

   Boardrooms have diversified their talent pools over the years. Where once boards were dominated by CEOs, today's boards include directors with broader financial and functional backgrounds. Fifteen years ago, 43% of new directors had CEO or corporate executive experience, compared with just 21% from financial and 18% from functional or profit-and-loss (P&L) leadership roles. While the classic CEO profile remains important, that distribution is more balanced today at 34%, 29% and 25%, respectively.

Yet, turnover has remained consistently low — increasing just one percentage point in two decades, from 6% in 2005 to 7% in 2025. In fact, between 2014 and 2025, an average of 35% of S&P 500 boards made no director appointments in any given year. While this might reflect a desire for stability, it also prompts an important and ongoing question: Are boards refreshing often enough to stay strategically aligned?

Many CEOs say there's a shortfall here. In our 2025 study, 53% said they ideally want directors who bring specific subject-matter expertise aligned with the company's most pressing issues. Yet, only 43% of CEOs felt their boards were delivering on that expectation — compared with 63% of directors.

Meeting this need, however, isn't as simple as adding a specialist to the board. For example, in a company facing AI disruption, a director who has led digitally focused business transformation may be more effective than a technical expert with specialized AI knowledge. While boards own all decisions around board composition, thoughtful collaboration with the CEO helps ensure directors' expertise aligns with the company's strategic priorities. Our 2025 study indicates that when boards and CEOs engage in open dialogue around board appointments, both parties are more confident that the board has the right mix of skills and perspectives.

To fulfill their strategic responsibilities, boards must refresh with intent — complementing existing credentials with fresh perspectives and ensuring directors guide the business through its most important challenges.

2. Plan for board succession

Board accountability has undergone a profound transformation. Evaluation practices have evolved significantly — prompting a shift away from very long tenures toward intentional self-assessment and renewal.

Since we began tracking this data 17 years ago, boards have increasingly adopted mechanisms to strengthen director accountability, including annual elections and majority voting and enhanced public disclosures of skills and experience. Nearly every board (99%) now says it conducts some form of annual evaluation — compared to 90% in 2008. Seventeen years ago, only 56% of boards were elected by majority voting; today, 88% are. Moreover, in just five years, the percentage of boards disclosing skills matrices in proxies has more than doubled, from 38% in 2020 to 80% in 2025. These shifts reflect a broader understanding that effective governance depends not only on the collective performance of the board, but also on individual director contributions.

Despite the growth of board accountability mechanisms, board turnover remains persistently low (see above). In 2025, 418 directors departed S&P 500 boards at an average age of 68.5 and with an average tenure of 11.6 years. Mandatory retirement remains the primary mechanism for board turnover, but boards are steadily raising the threshold. In 1998 (when we began collecting this data), just 1% set the age limit at 75 or older, rising to 8% in 2005 and to 34% by 2015. Ten years later, that figure has nearly doubled to 64%.

These trends underscore the need for boards to engage in honest conversations about relevance, contribution and succession — and act on what they learn.

Renewal requires more than process; it calls for directness and follow-through. Regular board and peer assessment ensures directors remain aligned with the company's evolving priorities and are equipped to address emerging risks and opportunities. At the same time, turnover brings fresh perspectives for tackling today's challenges. A culture of continuous improvement, supported by robust evaluation practices and timely refreshment, reinforces board agility and resilience. It signals that governance is strong.

3. Guide CEO succession

Few moments test a company's resilience more than a leadership transition. In today's fast-moving market, effective succession planning is no longer just a contingency exercise — it's a core governance responsibility. Done well, it smooths leadership transitions and mitigates risk. It also equips boards and leadership teams to create long-term value amid uncertainty.

Boards are increasingly recognizing this. In our 2025 *Nominating/Governance Chair Survey*, CEO succession ranked as the second most important item on the committee agenda, up 10 percentage points from last year to 60%. Just over half (55%) of nominating/governance committee chairs said their board is actively supporting CEO succession activities, and 84% reported that their board either has a formal emergency plan in place or has identified an interim successor from within management or the board.

Yet, awareness doesn't always translate into action. Nearly seven in 10 (69%) of nominating/governance committee chairs report spending 10 hours or less annually on succession-related activities.

Healthy boards treat CEO succession as a continuous, forward-looking process — one that reflects evolving strategy, expectations and shifting talent needs and capabilities. That means establishing a cadence for reviewing the developing leadership pipeline, stress-testing plans for both expected and unexpected transitions and ensuring CEO succession candidates have the capabilities to meet the business challenges ahead.

4. Embed agility

From AI and cybersecurity to geopolitical risk, today's business challenges are prompting boards to devote more time to oversight and strategic guidance — driving a shift toward more agile structures, learning mindsets and decision-making practices.

Agile governance depends not only on new tools and processes but also on a strong foundation of independence — the ability to challenge constructively, think objectively and engage with management as strategic partners. Boards have made progress on this front. Over the past 27 years, the percentage of independent directors on S&P 500 boards has risen from 78% to 86% — a modest but meaningful increase that reflects growing expectations of objectivity, challenge and accountability at the board level. Committee leadership has evolved in parallel. In 1999, 33% of audit committee chairs, 34% of compensation committee chairs and 21% of nominating/governance committee chairs were independent; today, full independence is standard across all three.

These shifts have laid the groundwork for more engaged and dynamic oversight. Yet, as board agendas become more complex, governance structures must continue to evolve. While traditional committees remain central, boards are increasingly tailoring committee structures to sector-specific priorities. Twenty-five years ago, there were no committees dedicated to science, technology, cybersecurity, the environment, health, safety, sustainability or risk.

However, agility isn't just about structure, it's also about how the board operates. High-performing boards prioritize continuous learning — fostering ongoing training for directors, carving out agenda time for forward-looking dialogue, and encouraging directors to pursue their own professional development. They design governance to be flexible, using ad hoc committees and external experts to address complex, fast-moving topics. In addition, they use scenario-based oversight to stress-test assumptions and act decisively as issues unfold.

To govern effectively in today's fast-changing environment, boards must embed agility into both their structures and their ways of working so they remain responsive, informed and forward-looking in the face of disruption.

5. **Strengthen independent board leadership**

The board's effectiveness is closely tied to the strength of its leadership. Independent board leaders shape culture, ensure engaged and constructive participation, and sustain the board's focus on long-term value creation. They also play a critical role in developing a healthy board–CEO relationship, setting behavioral expectations and keeping the board aligned with the company's evolving leadership priorities.

Over the past two decades, board leadership structures have gone through a fundamental shift. In 2004, 73% of CEOs also held the role of board chair; today, that figure has dropped to just 39%. In 1998, just 16% of companies chose to separate the two roles; now, 61% do.

This structural shift has been reinforced by the rise of independent chairs. Just 9% of companies had independent chairs in 2004, compared with 42% today — a 367% increase. At the same time, the use of lead or presiding directors has declined: At its peak in 2006, 96% of boards had a lead or presiding director; today, that has also decreased to 61%. Together, these shifts reflect a broader trend toward more independent board leadership.

However, not every board has the leadership it needs. In our 2024 study *Measure of Leadership: CEOs and Directors on Navigating Change*, only 32% of CEOs expressed high confidence in their boards' ability to help them navigate challenges. This reflects a gap in leadership strength and preparedness — not just board structure.

Amid heightened complexity, scrutiny and accelerated change, effective board leadership is not optional — it's essential. The most effective boards have a strong, independent voice at the helm, regardless of the underlying structure.

6. Invest in the board-CEO relationship

At the heart of effective governance, especially in periods of heightened uncertainty, is a healthy relationship between the board and the CEO. High-performing boards carefully walk a tightrope, offering support and perspective, while also challenging and holding the leadership team accountable.

The independent chair or lead independent director plays a pivotal role in shaping this relationship. In our 2025 study, 83% of CEOs who reported having effective board support also said they had an excellent relationship with their chair or lead director. Regular communication is essential, particularly in times of change. Expectation-setting discussions can be especially impactful: 68% of CEOs who engaged in these conversations felt effectively supported by their boards, compared with just 50% of those who had not. These conversations should address where the CEO most values input, how strategic and operational reviews will be conducted, and how the board will evaluate performance and monitor major decisions, such as acquisitions.

Many CEOs are already investing more in these relationships. In our 2024 study, 63% reported communicating more frequently with their boards, 33% were holding more one-to-one meetings with their board chairs, and 30% were involving C-suite leaders more regularly in board discussions.

Still, even strong relationships face pressure. Regular, candid conversations are crucial to sustaining trust and ensuring the board continues to provide the right kind of support and challenge.

By investing in relationships, boards can foster the mutual respect, trust and alignment required to help leadership teams navigate change and deliver long-term value.

7. Shape board culture

When disruption is constant, the way a board and leadership govern and behave can make the difference between resilience and failure. High-performing boards cultivate an environment where directors can challenge assumptions constructively, ask bold questions and engage in candid but respectful debate.

Trust among board members and between the board and executive leadership is foundational to effective oversight and decision-making. Curiosity keeps directors open to new perspectives, and accountability reinforces a shared commitment to performance, ethics and impact. Boards should be intentional about the behaviors and working dynamics they expect from their directors. They should monitor and provide feedback on these important individual contributions to the boardroom culture as part of their annual board assessment.

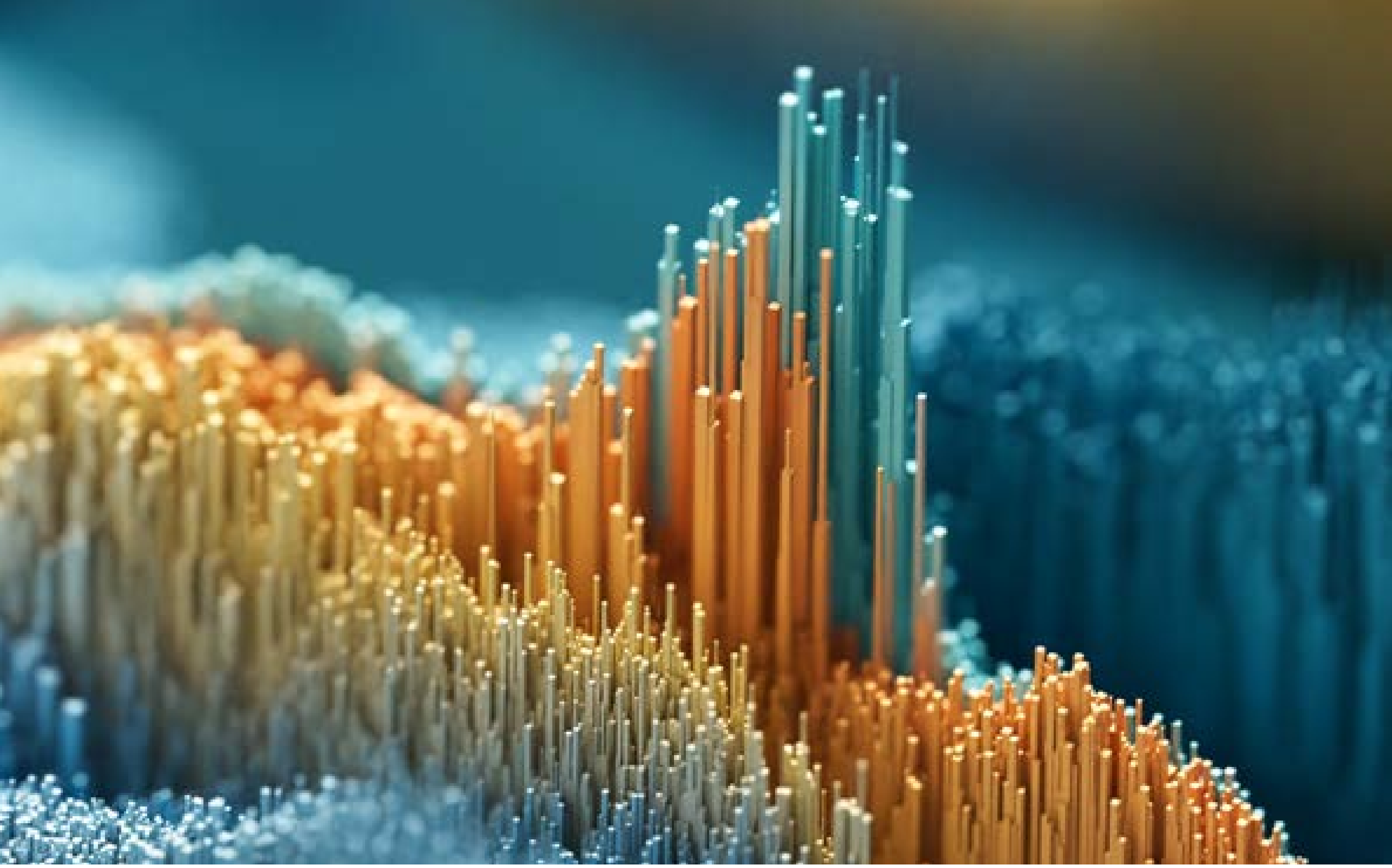
Culture isn't soft — it's a strategic asset. In times of crisis and complexity, it enables boards to stay cohesive, think clearly, and act decisively under pressure.

The ongoing imperative: Ensuring readiness amid complexity

As we reflect on four decades of board evolution, one thing is clear: Boards' core responsibilities have stayed the same, but the environment in which they operate has changed — and continues to do so at pace.

Over the years, boards have embraced greater independence, broadened their composition and implemented robust mechanisms for accountability and performance. This has made them more strategic, engaged and accountable stewards of long-term value.

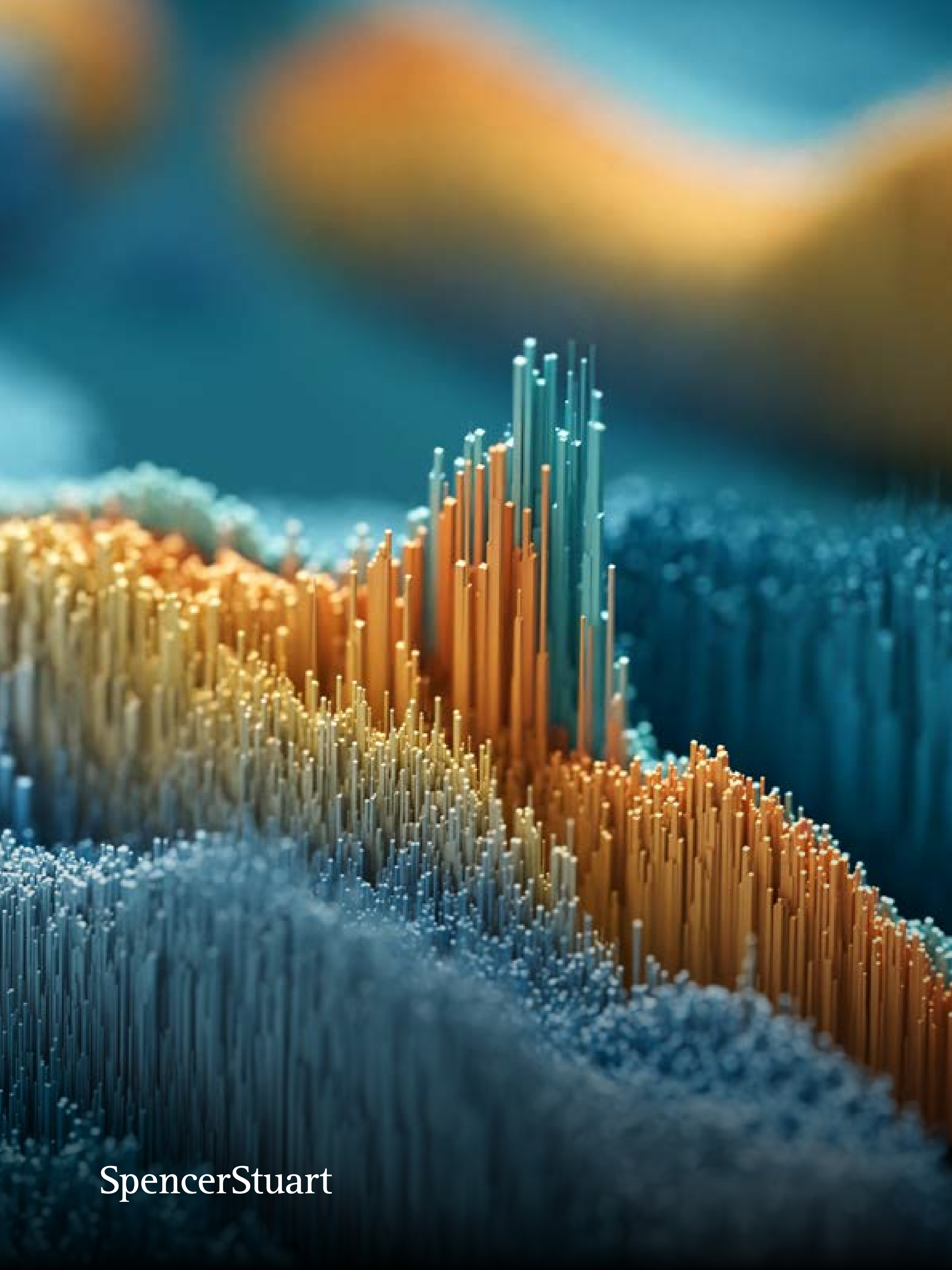
But geopolitical volatility, rapid technological advancements, shifting expectations and tighter regulation are piling on the pressure. Boards will have to keep evolving — and at a faster rate. That means aligning their composition with the organization's strategic needs, refining their governance structures, using rigorous assessment practices, strengthening leadership, maintaining a healthy board–CEO relationship, managing succession planning proactively, and fostering a culture of trust, curiosity and accountability.



About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and on the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

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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