

## 2023 Spencer Stuart Consumer Sector Snapshot

Boards of consumer companies in the S&P 500 index tend to be younger and more diverse than S&P 500 boards. In other respects, governance practices and structures of consumer companies — the second largest sector with 87 companies in the S&P 500 consumer staples and consumer discretionary primary sectors — are comparable to S&P 500 boards.

- » The average age of independent directors on consumer boards is 62.1 years, lower than the 63.3 year average for S&P 500 boards and the second lowest of all sectors.
- » The youngest average age of a consumer board is 47.6 years, the oldest is 70.4.
- » Consumer boards average 10.7 directors, compared to 10.8 members on S&P 500 boards.
- » Independence of consumer directors averages 83%, compared to 85% for S&P 500 boards.
- » The average board tenure of independent directors on consumer boards is 7.9 years, just above the 7.8 average for S&P 500 boards.
- » The longest-tenured consumer board averages 15 years.

## New independent director backgrounds

Forty-five companies — 52% of the surveyed S&P 500 consumer companies, just below the 53% for the S&P 500 universe — added at least one independent director over the past year. Appointees averaged 55.8 years of age, lower than the 58.0 average for all independent directors joining S&P 500 boards and the lowest average of all sectors in the S&P 500. First-time directors represented 37% of independent directors joining consumer boards — outpacing the 31% for the S&P 500 and tied with the financials sector as the second highest of all sectors.

Sixty-two percent (62%) of the 78 independent directors joining consumer boards are actively employed, the highest of all sectors. Half (50%) of independent directors joining S&P 500 boards this year are actively employed.

Compared to the S&P 500 incoming class of independent directors, consumer boards recruited in 2023 a higher percentage of P&L and functional leaders and financial professionals. Its recruitment of financial pros was the second highest of all S&P 500 primary sectors.

	2023 Consumer	2023 S&P 500
<b>CEOs</b>	<b>25%</b>	<b>30%</b>
<i>Active</i>	17%	14%
<i>Retired</i>	8%	16%
<b>Chairs/presidents/COOs</b>	<b>6%</b>	<b>4%</b>
<i>Active</i>	3%	2%
<i>Retired</i>	3%	2%
<b>Functional leaders</b>	<b>21%</b>	<b>16%</b>
<b>P&amp;L leaders</b>	<b>14%</b>	<b>10%</b>
<b>Financial backgrounds</b>	<b>32%</b>	<b>27%</b>
<i>Financial executives/CFOs/treasurers</i>	15%	15%
<i>Investment managers/investors</i>	9%	2%
<i>Bankers/investment bankers</i>	4%	7%
<i>Public accounting executives</i>	4%	3%
<b>Academics/nonprofit executives</b>	<b>0%</b>	<b>3%</b>
<b>Consultants</b>	<b>1%</b>	<b>2%</b>
<b>Legal</b>	<b>0%</b>	<b>3%</b>
<b>Others</b>	<b>2%</b>	<b>5%</b>
<b>Total</b>		
<i>Active</i>	62%	50%
<i>Retired</i>	38%	50%

## Board leadership

The chair and CEO roles are separated at 69% of consumer boards — higher than the 59% for the S&P 500 index and the second highest of all sectors. Executive chairs are most prevalent on consumer boards — 26%, the highest of all primary sectors, versus 15% for the S&P 500. Consumer boards have a slightly lower percentage of independent board leaders: 36% have independent chairs (compared to 39% of the S&P 500), and 64% have an independent lead director (compared to 65% of the S&P 500).

## Board organization and process

Consumer board governance processes and structures generally align with the S&P 500 index. The sector has the second lowest percentage of majority-voting-for-directors policies.

	2023 Consumer	2023 S&P 500
Annual election of directors	91%	89%
Majority voting for directors	78%	88%
Stock ownership requirements for directors	89%	93%

The average size and meeting frequency of consumer sector boards and committees align with S&P 500 averages.

	2023 Consumer	2023 S&P 500
<b>Board</b>		
<i>Size (avg #)</i>	10.7	10.8
<i>Meetings (avg #)</i>	7.0	7.6
<i>Board committees (avg #)</i>	4.0	4.2
<b>Audit committee</b>		
<i>Size (avg #)</i>	4.3	4.5
<i>Meetings (avg #)</i>	8.0	8.2
<b>Compensation committee</b>		
<i>Size (avg #)</i>	4.1	4.3
<i>Meetings (avg #)</i>	5.6	5.8
<b>Nominating/Governance committee</b>		
<i>Size (avg #)</i>	4.2	4.4
<i>Meetings (avg #)</i>	4.5	4.6

The most common additional committees for the consumer sector are: executive; finance; social responsibility; science/tech/cyber; and environmental/health/safety.

	2023 Consumer	2023 S&P 500
<b>Committees</b>		
Finance	28%	26%
Executive	28%	25%
Science/Tech/Cyber	10%	15%
Environmental/Health/Safety	9%	13%
Risk	5%	12%
Legal	5%	6%
Social Responsibility	10%	6%
Investment	0%	3%
Strategy	2%	1%
Innovation	2%	1%
DEI	1%	1%

## Turnover policies

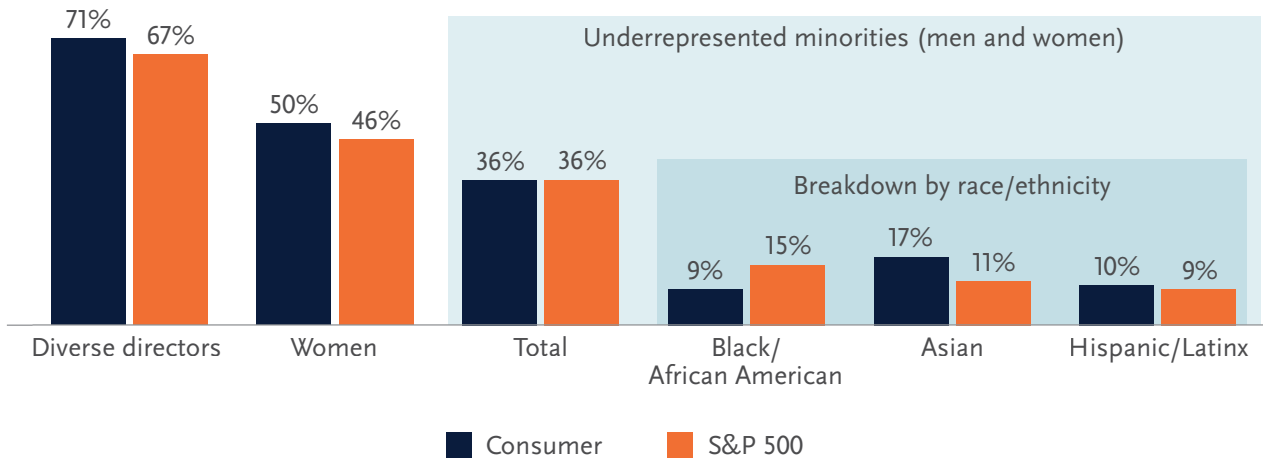
A lower percentage of consumer sector companies have age and tenure policy limits compared to the S&P 500. A higher percentage have policies requiring the submission of a resignation in the event of a material change in circumstances.

	2023 Consumer	2023 S&P 500
<b>Mandatory retirement</b>		
<i>% companies</i>	64%	69%
<i>Retirement age (avg yrs)</i>	73.5	74.0
<b>Tenure limit</b>		
<i>% companies</i>	6%	8%
<i>Tenure limit (avg yrs)</i>	15.0	14.4
<b>Material change resignation policy</b>		
<i>% companies</i>	91%	88%

## Diversity — consumer 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 71% of the 78 independent directors joining consumer boards over the past year, compared to 67% of independent directors joining S&P 500 boards. Half of the consumer sector's incoming class are women, compared to 46% of the S&P 500 and the second highest of all sectors. The sector's appointment of underrepresented minorities matched the 36% of the S&P 500's incoming class.

## DIVERSITY OF INDEPENDENT DIRECTORS JOINING CONSUMER BOARDS



## Diversity — consumer sector boards

Half of all directors serving on consumer sector boards are diverse, higher than the S&P 500. Consumer sector boards tie with the utilities sector for having the highest percentage of women.

	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
Consumer	50%	35%	13%	6%	6%	26%	87%	51%
S&P 500	48%	33%	11%	6%	5%	24%	87%	48%

## Diversity — board leadership

A higher percentage of consumer sector independent chairs are diverse, compared to the S&P 500. Diversity of consumer sector lead directors is below the S&P 500.

	2023 Consumer	2023 S&P 500
<b>Independent chair</b>		
% women	23%	18%
% underrepresented minority	10%	8%
<b>Independent lead director</b>		
% women	11%	15%
% underrepresented minority	9%	12%

## Consumer companies

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



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