

## 2023 Spencer Stuart Information Technology Sector Snapshot

Boards of information technology companies in the S&P 500 index tend to be smaller and more diverse than S&P 500 boards. The sector — comprised of 64 companies — generally aligns with the S&P 500 on a variety of other governance metrics.

- » The average age of independent directors on information technology boards is 63.2 years, compared to 63.3 years for S&P 500 boards.
- » The youngest average age of an information technology board is 56.5 years, the oldest is 72.7.
- » Information technology boards average 10.0 directors, smaller than the 10.8 average of S&P 500 boards and the smallest of all sectors.
- » Independence of information technology boards averages 86%, compared to 85% for S&P 500 boards.
- » The average board tenure of independent directors on information technology boards is 8.0 years, higher than the 7.8 average for the S&P 500.
- » The longest-tenured information technology board averages 15.3 years.

## New independent director backgrounds

Thirty-six information technology companies — 56% of the sector — added at least one independent director over the past year, higher than the 53% for the S&P 500 universe. Appointees averaged 58.2 years of age, comparable to the 58.0 average for all independent directors joining S&P 500 boards. First-time directors represented 26% of independent directors joining information technology boards — lower than the 31% for the S&P 500.

Forty three percent (43%) of the 47 independent directors joining information technology boards are actively employed, compared to half (50%) of independent directors joining S&P 500 boards this year.

Information technology boards recruited in 2023 the highest percentage of financial professionals — 38% of the incoming class — of all sectors.

	2023 Information Technology	2023 S&P 500
<b>CEOs</b>	<b>30%</b>	<b>30%</b>
<i>Active</i>	13%	14%
<i>Retired</i>	17%	16%
<b>Chairs/presidents/COOs</b>	<b>2%</b>	<b>4%</b>
<i>Active</i>	0%	2%
<i>Retired</i>	2%	2%
<b>Functional leaders</b>	<b>17%</b>	<b>16%</b>
<b>P&amp;L leaders</b>	<b>6%</b>	<b>10%</b>
<b>Financial backgrounds</b>	<b>38%</b>	<b>27%</b>
<i>Financial executives/CFOs/treasurers</i>	26%	15%
<i>Investment managers/investors</i>	9%	7%
<i>Bankers/investment bankers</i>	2%	2%
<i>Public accounting executives</i>	2%	3%
<b>Academics/nonprofit executives</b>	<b>2%</b>	<b>3%</b>
<b>Consultants</b>	<b>2%</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>	43%	50%
<i>Retired</i>	57%	50%

## Board leadership

The chair and CEO roles are separated at 66% of information technology boards — higher than the 59% for the S&P 500 index. Executive chairs are in place at 11% of information technology boards, below the 15% of the S&P 500 index. More than half (52%) of information technology boards have an independent board chair, outpacing the S&P 500 at 39% and the highest of all sectors. Reflecting the high percentage of independent chairs, a relatively lower percentage (56%) of information technology boards have an independent lead director, below the 65% of S&P 500 boards and the lowest of all sectors.

## Board organization and process

The IT sector ties with the health care sector for having the most classified boards, with directors serving three-year terms.

	2023 Information Technology	2023 S&P 500
Annual elections of directors	83%	89%
Majority voting for directors	92%	88%
Stock ownership requirements for directors	91%	93%

The sector ties with the communication services sector for averaging the fewest board committees.

	2023 Information Technology	2023 S&P 500
<b>Board</b>		
Size (avg #)	10.0	10.8
Meetings (avg #)	7.0	7.6
Board committees (avg #)	3.6	4.2
<b>Audit committee</b>		
Size (avg #)	4.0	4.5
Meetings (avg #)	8.6	8.2
<b>Compensation committee</b>		
Size (avg #)	3.9	4.3
Meetings (avg #)	6.2	5.8
<b>Nominating/governance committee</b>		
Size (avg #)	4.0	4.4
Meetings (avg #)	4.6	4.6

Companies in the information technology sector reported only four additional committees. The most common for the sector are: executive (the lowest of all sectors); science/tech/cyber; and finance (tied with energy as the lowest of all sectors).

	2023 Information Technology	2023 S&P 500
<b>Committees</b>		
Finance	13%	26%
Executive	14%	25%
Science/tech/cyber	14%	15%
Environmental/health/safety	0%	13%
Risk	0%	12%
Legal	0%	6%
Social responsibility	5%	6%
Investment	0%	3%
Strategy	0%	1%
Innovation	0%	1%
DEI	0%	1%

## Turnover policies

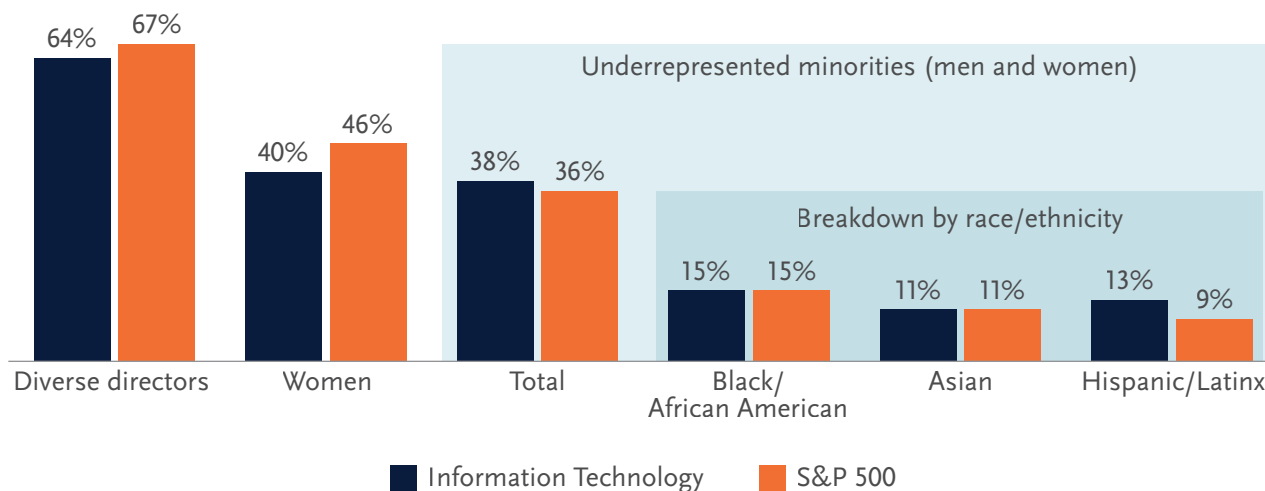
The tech sector has the second lowest percentage of mandatory retirement ages of all sectors. The sector is tied with the communication services sector for the lowest percentage of term limits.

	2023 Information Technology	2023 S&P 500
<b>Mandatory retirement policy</b>		
<i>% Companies</i>	48%	69%
<i>Retirement age (avg yrs)</i>	74.3	74.0
<b>Tenure policy</b>		
<i>% Companies</i>	5%	8%
<i>Tenure limit (avg yrs)</i>	15.0	14.4
<b>Material change resignation policy</b>		
<i>% Companies</i>	84%	88%

## Diversity — information technology 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 64% of the 47 independent directors joining information technology boards over the past year, below the 67% of independent directors joining S&P 500 boards. The sector recruited the highest percentage of Hispanic/Latinx directors.

## DIVERSITY OF INDEPENDENT DIRECTORS JOINING INFORMATION TECHNOLOGY BOARDS



## Diversity — information technology boards

Information technology boards tie with the communication services and consumer sectors for having the second highest percentage of diverse directors. The sector has the highest percentage of Asian directors and the lowest percentage of Black/African American directors compared to the other 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
Information Technology	50%	32%	9%	12%	5%	26%	81%	45%
S&P 500	48%	33%	11%	6%	5%	24%	87%	48%

## Diversity — board leadership

The information technology sector has a low percentage of independent chairs who are women or self-identify as an underrepresented minority compared to the S&P 500 and most other sectors. The sector's percentages of diverse lead directors are higher than the overall S&P 500.

	2023 Information Technology	2023 S&P 500
<b>Independent chair</b>		
% women	15%	18%
% underrepresented minority	3%	8%
<b>Independent lead director</b>		
% women	22%	15%
% underrepresented minority	17%	12%

## Information Technology companies

- » Accenture
- » Adobe
- » Advanced Micro Devices
- » Akamai Technologies
- » Amphenol Corporation
- » Analog Devices
- » Ansys
- » Apple
- » Applied Materials
- » Arista Networks
- » Autodesk
- » Broadcom
- » Cadence Design Systems
- » CDW Corporation
- » Ceridian HCM Holding
- » Cisco Systems
- » Cognizant Technology Solutions Corporation
- » Corning
- » DXC Technology Company
- » Enphase Energy
- » EPAM Systems
- » F5
- » Fair Isaac & Co
- » First Solar
- » Fortinet
- » Gartner
- » Hewlett Packard Enterprise Company
- » HP
- » Intel Corporation
- » International Business Machines Corporation
- » Intuit
- » Juniper Networks
- » Keysight Technologies
- » KLA Corporation
- » Lam Research Corporation
- » Microchip Technology
- » Micron Technology
- » Microsoft Corporation
- » Monolithic Power Systems
- » Motorola Solutions
- » NetApp
- » NXP Semiconductors
- » ON Semiconductor Corporation
- » Oracle Corporation
- » Paycom Software
- » PTC
- » Qorvo
- » QUALCOMM
- » Roper Technologies
- » salesforce.com
- » Seagate Technology plc
- » ServiceNow
- » Skyworks Solutions
- » SolarEdge Technologies
- » Synopsys
- » TE Connectivity
- » Teledyne Technologies
- » Teradyne
- » Texas Instruments
- » Trimble
- » Tyler Technologies
- » VeriSign
- » Western Digital Corporation
- » Zebra Technologies Corporation



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