



The Changing Boardroom:

Insights on Board Composition and Director Recruitment Trends

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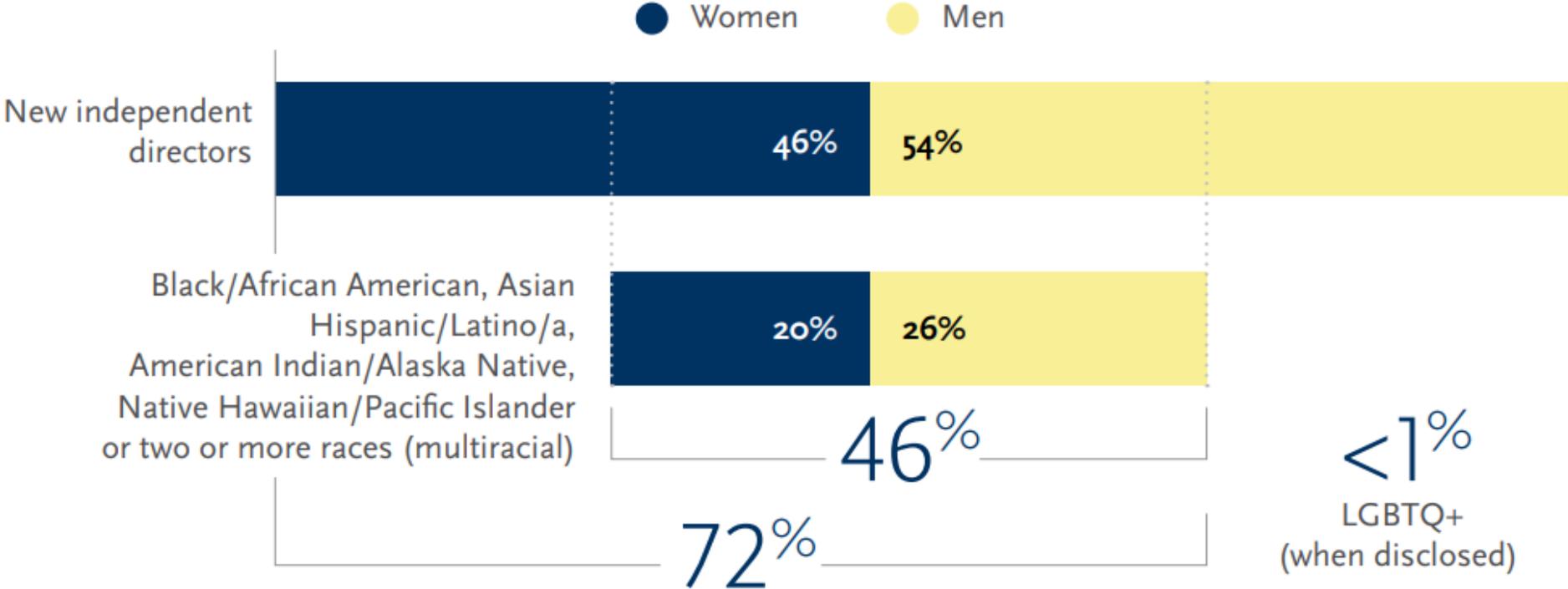
395



The number of
**new independent
directors**

appointed to S&P
500 boards during
2022

New S&P 500 directors reflect focus on diversity



Percentage of new directors from historically underrepresented groups (women and/or Black/African American, Asian, Hispanic/Latino, American Indian/Alaska Native, Native Hawaiian/Pacific Islander or multiracial men and/or LGBTQ+ when disclosed)

Boards continue to add younger directors but the average age of directors is unchanged



18%

Directors 50 and younger make up **18%** of new directors, up from 16% last year and **6%** of all directors



56%

of these “next-gen” directors are **Black/African American, Hispanic/Latino/a, Asian, American Indian/Native Alaskan or multiracial** directors, compared with 69% last year.

57.3

Average age of **new independent** directors, almost a year older than the 2012 average (56.7)

63.1

Average age of **an S&P 500 independent director**, largely unchanged since 2009

71%

of independent directors are **60 or older**

The profile of the new director is changing

CEO experience isn't required

71% of the incoming class come from **outside** the ranks of CEO, chair/vice chair, president and COO.

Other corporate leadership skills are valued

32% have experience as **division/subsidiary heads** or as **EVPs, SVPs or functional until leaders**.

Board experience isn't a requirement

34% are serving on their **first public company board**.

Directors who are actively employed are favored

56% are **actively employed**.

Independent board chairs continue to grow in numbers

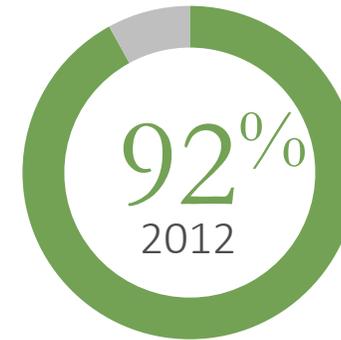
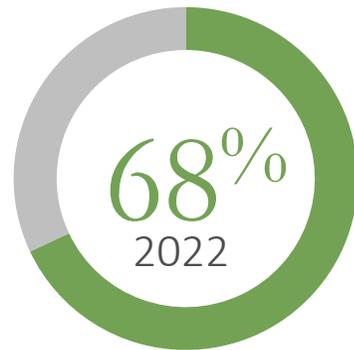
57%

More than half of boards split the chair and CEO roles

36%

of S&P 500 boards have an independent chair

As independent chairs have increased, the number of lead and presiding directors has declined



Absent changes in refreshment practices, low boardroom turnover rates are likely to continue

Mandatory Retirement

70%

S&P 500 boards report having a mandatory retirement age for directors, relatively unchanged over the past ten years.

Term Limits

ONLY 35

S&P 500 boards have explicit term limits for directors.

Increase Size

83

S&P 500 boards expanded in size to **add racial/ethnic diversity.**

53%

S&P 500 boards with a retirement age set it at 75 or higher compared to just 20% ten years ago.

15 YEARS

Over two-thirds of boards (69%) with term limits set them at 15 years or more.

83

S&P 500 boards expanded in size to **add one or more women directors.**

Board compensation rises modestly



\$316,091

Average total compensation (excluding premium compensation for independent chair) for non-employee directors of S&P 500 companies rose 3% from 2021.

56%
Stock grants

37%
cash

5%
S&P 500 companies pay non-employee directors for attending board meetings, down from 33% 10 years ago.

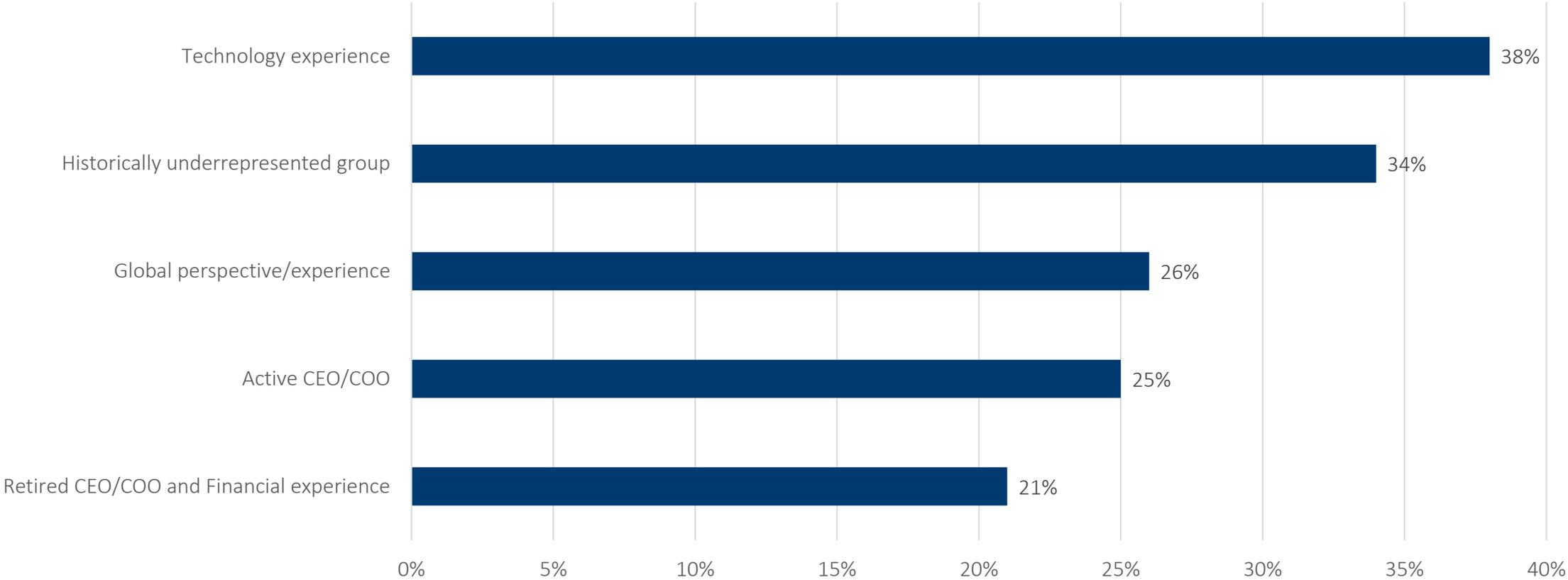
\$164,205

Average additional annual compensation received by independent chairs.

Top recruiting priority: technology

Our 2022 survey of nom/gov chairs found:

TOP FIVE NOM/GOV COMMITTEE RECRUITING PRIORITIES



How Were New Directors Introduced to the Board?

