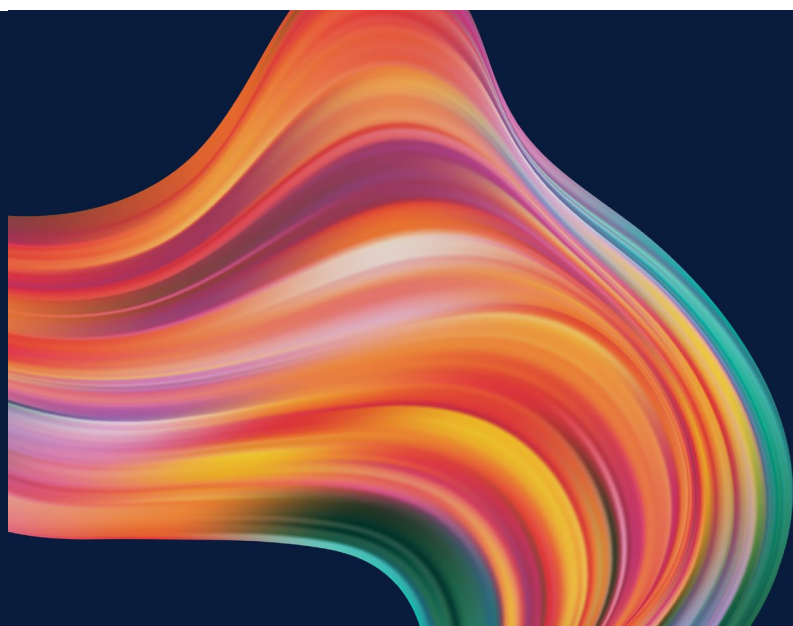


2024 Spencer Stuart Industrials Sector Snapshot



Boards of 105 industrial companies (composed of companies in the industrials and materials sectors) in the S&P 500 index tend to align with S&P 500 boards on a variety of governance measures.

- » The average age of independent directors on industrial boards is 63.3 years, slightly younger than the 63.4-year average for S&P 500 boards.
- » The youngest average age of an industrial board is 55.9 years, the oldest is 71.2 years.
- » Industrial boards average 10.8 directors, matching the 10.8 average of S&P 500 boards.
- » The independence of industrial boards averages 86%, compared to 85% for S&P 500 boards.
- » The average board tenure of independent directors on industrial boards is 7.4 years, lower than the 7.8-year average for S&P 500 boards.
- » The longest-tenured industrial board averages 14.1 years.

New independent director backgrounds

The 105 industrial sector boards appointed 92 new directors to the boardroom in the past year. Among the Industrial companies, 65% added at least one independent director while 22% added more than one.

Appointees averaged 58.7 years of age, higher than the 58.2 average for all independent directors joining S&P 500 boards. First-time directors represented 34% of independent directors joining industrial boards — matching the S&P 500 average. NextGen directors (aged 50 or younger) comprised 12% of the incoming class, compared to 14% for the broader S&P 500 index.

Half (50%) of the independent directors joining industrial boards are actively employed, compared to 52% of independent directors joining S&P 500 boards this year.

Compared to other sectors, industrial boards recruited in 2024 the highest percentage of CEOs (active and retired).

NEW INDEPENDENT DIRECTOR BACKGROUNDS

	2024 Industrial	2024 S&P 500
CEOs	40%	30%
<i>Active</i>	21%	16%
<i>Retired</i>	20%	14%
Chairs/presidents/COOs	0%	3%
<i>Active</i>	0%	1%
<i>Retired</i>	0%	2%
Functional leaders	16%	16%
P&L leaders	11%	8%
Financial backgrounds	23%	29%
<i>Financial executives/CFOs/treasurers</i>	17%	15%
<i>Bankers/investment bankers</i>	2%	7%
<i>Investment managers/investors</i>	2%	5%
<i>Public accounting executives</i>	2%	2%
Academics/nonprofit executives	0%	2%
Consultants	2%	3%
Legal	1%	3%
Others	7%	6%
Total		
<i>Active</i>	50%	52%
<i>Retired</i>	50%	48%

Board leadership

The chair and CEO roles are separated at 61% of industrial boards, compared to 60% of all S&P 500 boards. Executive chairs are in place at 20% of industrial boards, versus 14% for the S&P 500. Independent chairs lead 38% of industrial boards, compared to 39% of the S&P 500. Two-thirds (65%) of industrial boards name an independent lead director compared to 66% of the S&P 500.

Board organization and process

Aside from a lower percentage of declassified boards, governance practices and structures of industrial boards generally align with S&P 500 averages.

DIRECTOR ELECTIONS AND STOCK OWNERSHIP

	2024 Industrial	2024 S&P 500
Annual elections of directors	88%	91%
Majority voting for directors	89%	89%
Stock ownership requirements for directors	95%	94%

Industrial boards, on average, meet less frequently than all other sectors, and the sector's committees tend to meet less often than the S&P 500.

BOARD AND COMMITTEE SIZE AND MEETINGS

	2024 Industrial	2024 S&P 500
Board		
Size (avg #)	10.8	10.8
Meetings (avg #)	6.9	7.7
Board committees (avg #)	4.1	4.2
Audit committee		
Size (avg #)	4.8	4.5
Meetings (avg #)	7.4	8.1
Compensation committee		
Size (avg #)	4.5	4.3
Meetings (avg #)	5.4	5.7
Nominating/governance committee		
Size (avg #)	4.7	4.4
Meetings (avg #)	4.4	4.6

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

PREVALENCE OF STANDING COMMITTEES

Committees	2024 Industrial	2024 S&P 500
Finance	29%	26%
Executive	25%	25%
Science/tech/cyber	13%	17%
Environmental/health/safety	25%	13%
Risk	4%	12%
Social responsibility	5%	7%
Legal	0%	5%
Investment	3%	3%
Strategy	1%	1%
Innovation	0%	1%

Turnover policies

A higher percentage of industrial boards have age caps and term limits compared to the overall S&P 500 index. It places second highest in mandatory retirement policies.

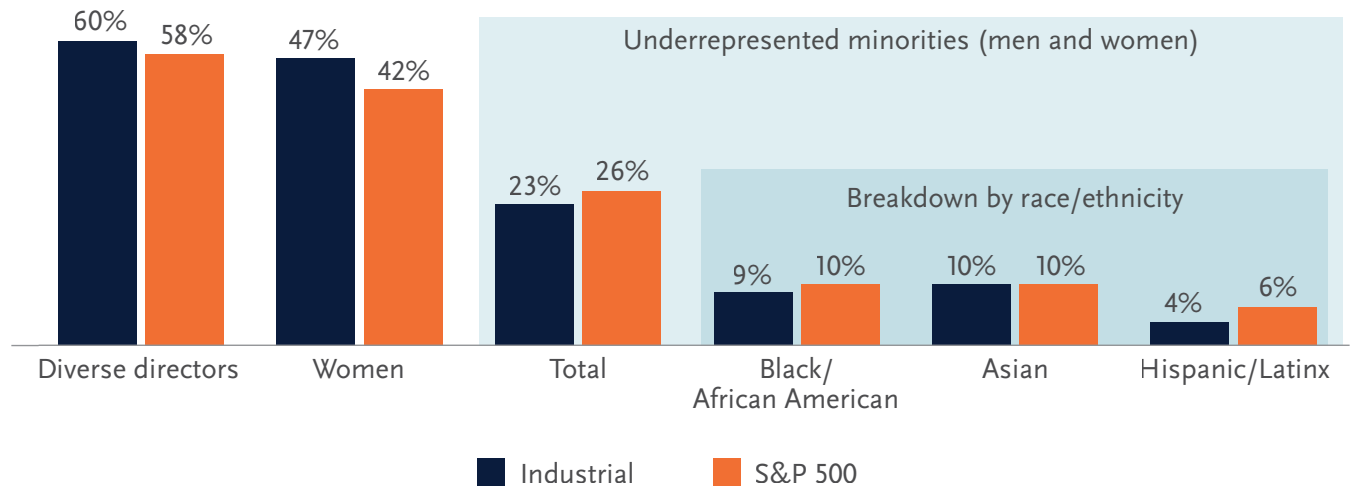
TURNOVER POLICIES

	2024 Industrial	2024 S&P 500
Mandatory retirement policy		
<i>% companies</i>	81%	67%
<i>Retirement age (avg yrs)</i>	74.0	74.1
Tenure policy		
<i>% companies</i>	10%	9%
<i>Tenure limit (avg yrs)</i>	14.8	14.7
Material change resignation policy		
<i>% companies</i>	87%	89%

Diversity — industrial 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 60% of the 92 independent directors joining industrial boards over the past year, compared to 58% of independent directors joining S&P 500 boards.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING INDUSTRIAL BOARDS



Diversity — industrial boards

Under half (47%) of directors serving on industrial boards are diverse, compared to 50% for the S&P 500. The sector lags the S&P 500 on diversity of women and underrepresented minorities.

DIVERSITY OF ALL INDUSTRIAL BOARD DIRECTORS

	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*
Industrials	47%	33%	12%	4%	4%	22%	92%	40%
S&P 500	50%	34%	12%	6%	4%	24%	91%	48%

* URM refers to underrepresented minorities

Diversity — board leadership

The industrial sector lags the S&P 500 on diversity of board leadership, and it has the lowest percentage of female and underrepresented minority independent lead directors of all sectors.

DIVERSITY — BOARD LEADERSHIP

	2024 Industrial	2024 S&P 500
Independent chair		
% women	15%	18%
% underrepresented minority	5%	7%
Independent lead director		
% women	7%	20%
% underrepresented minority	4%	11%

Industrial companies

- » 3M Company
- » A O Smith Corporation
- » Air Products & Chemicals
- » Albemarle Corporation
- » Allegion Public Limited Company
- » Amcor
- » American Airlines Group
- » AMETEK
- » Automatic Data Processing
- » Avery Dennison Corporation
- » Axon Enterprise
- » Ball Corporation
- » Broadridge Financial Solutions
- » Builders FirstSource
- » C.H. Robinson Worldwide
- » Carrier Global Corporation
- » Caterpillar
- » Celanese Corporation
- » CF Industries Holdings
- » Cintas Corporation
- » Copart
- » Corteva
- » CSX Corporation
- » Cummins
- » Dayforce
- » Deere & Company
- » Delta Air Lines
- » Dover Corporation
- » Dow
- » DuPont de Nemours
- » Eastman Chemical Company
- » Eaton Corporation
- » Ecolab
- » Emerson Electric Company
- » Equifax
- » Expeditors International of Washington
- » Fastenal Company
- » FedEx Corporation
- » FMC Corporation
- » Fortive Corporation
- » Freeport-McMoRan
- » GE Aerospace
- » Generac Holdings
- » General Dynamics Corporation
- » Honeywell International
- » Howmet Aerospace
- » Hubbell
- » Huntington Ingalls Industries
- » IDEX Corporation
- » Illinois Tool Works
- » Ingersoll Rand
- » International Flavors & Fragrances
- » International Paper Company
- » J.B. Hunt Transport Services
- » Jacobs Solutions
- » Johnson Controls International
- » L3Harris Technologies
- » Leidos Holdings
- » Linde plc
- » Lockheed Martin Corporation
- » LyondellBasell Industries N.V.
- » Martin Marietta Materials
- » Masco Corporation
- » Newmont Corporation
- » Nordson Corporation
- » Northrop Grumman Corporation
- » Nucor Corporation
- » Old Dominion Freight Line
- » Otis Worldwide Corporation
- » PACCAR
- » Packaging Corporation of America
- » Parker-Hannifin Corporation
- » Paychex
- » Paycom Software
- » Pentair plc
- » PPG Industries
- » Quanta Services
- » Republic Services
- » Robert Half International
- » Rockwell Automation
- » Rollins
- » RTX Corporation
- » Snap-on
- » Southwest Airlines Co.
- » Stanley Black & Decker
- » Steel Dynamics
- » Textron
- » The Boeing Company
- » The Mosaic Company
- » The Sherwin-Williams Company
- » Trane Technologies
- » TransDigm Group
- » Uber Technologies
- » Union Pacific Corporation
- » United Airlines Holdings
- » United Parcel Service
- » United Rentals
- » Veralto Corporation
- » Verisk Analytics
- » Vulcan Materials
- » W.W. Grainger
- » Waste Management
- » Westinghouse Air Brake Technologies Corporation
- » WestRock Company
- » Xylem



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