

## 2024 Spencer Stuart Utilities Sector Snapshot



Boards of 30 utilities companies in the S&P 500 index tend to be larger, older and less tenured than S&P 500 boards.

- » The average age of independent directors on utilities boards is 64.1 years, higher than the 63.4-year average for S&P 500 boards.
- » The youngest average age of a utilities board is 57.4 years, the oldest is 68.3 years.
- » Utilities boards average 11.2 directors, higher than the 10.8 average of S&P 500 boards.
- » Independence of utilities boards averages 90% — the highest of all sectors — compared to 85% for S&P 500 boards.
- » The average board tenure of independent directors on utilities boards is 7 years, lower than the 7.8 average for S&P 500 boards.
- » The longest-tenured utilities board averages 10.7 years.

## New independent director backgrounds

The 30 utilities sector boards added 34 new directors to the boardroom in the past year. Among the utilities companies, 70% added at least one independent director while 27% added more than one — both metrics the highest of all sectors.

Appointees averaged 59.6 years of age, older than the 58.2 average for all independent directors joining S&P 500 boards. First-time directors represented 32% of independent directors joining utilities boards — lower than the 34% for the S&P 500. NextGen directors (aged 50 or younger) comprised 9% of the sector's incoming class, compared to 14% for the S&P 500 incoming class.

More than one-third (38%) of the independent directors joining utilities boards are actively employed, compared to 52% of independent directors joining S&P 500 boards this year.

Compared to the S&P 500 incoming class of independent directors, utilities boards recruited in 2024 the highest percentage of chairs/presidents/COOs (tied with the energy sector) and lawyers of all sectors. It is tied with financial services for appointing the lowest percentage of P&L leaders.

### NEW INDEPENDENT DIRECTOR BACKGROUNDS

	2024 Utilities	2024 S&P 500
<b>CEOs</b>	24%	30%
<i>Active</i>	3%	16%
<i>Retired</i>	21%	14%
<b>Chairs/presidents/COOs</b>	15%	3%
<i>Active</i>	0%	1%
<i>Retired</i>	15%	2%
<b>Functional leaders</b>	15%	16%
<b>P&amp;L leaders</b>	6%	8%
<b>Financial backgrounds</b>	24%	29%
<i>Financial executives/CFOs/treasurers</i>	6%	15%
<i>Investment managers/investors</i>	9%	7%
<i>Bankers/investment bankers</i>	3%	5%
<i>Public accounting executives</i>	6%	2%
<b>Academics/nonprofit executives</b>	0%	2%
<b>Consultants</b>	3%	3%
<b>Legal</b>	15%	3%
<b>Others</b>	0%	6%
<b>TOTAL</b>		
<i>Active</i>	38%	52%
<i>Retired</i>	62%	48%

## Board leadership

The chair and CEO roles are separated at 53% of utilities boards — lower than the 60% of S&P 500 boards. Executive chairs are in place at 7% of utilities boards, versus 14% for the S&P 500. Independent chairs lead 37% of utilities boards, compared to 39% of the S&P 500. Two-thirds (67%) of utilities boards name an independent lead director compared to 66% of the S&P 500.

## Board organization and process

The utilities sector is the only sector where 100% of directors are elected annually, and the sector (along with the real estate sector) is the only one where 100% of boards have stock ownership requirements.

### DIRECTOR ELECTIONS AND STOCK OWNERSHIP

	2024 Utilities	2024 S&P 500
Annual elections of directors	100%	91%
Majority voting for directors	93%	89%
Stock ownership requirements for directors	100%	94%

Utilities boards, on average, have the most board committees of all the sectors.

### BOARD AND COMMITTEE SIZE AND MEETINGS

	2024 Utilities	2024 S&P 500
<b>Board</b>		
Size (avg #)	11.2	10.8
Meetings (avg #)	8.6	7.7
Board committees (avg #)	5.1	4.2
<b>Audit committee</b>		
Size (avg #)	4.9	4.5
Meetings (avg #)	7.0	8.1
<b>Compensation committee</b>		
Size (avg #)	4.6	4.3
Meetings (avg #)	5.6	5.7
<b>Nominating/governance committee</b>		
Size (avg #)	4.6	4.4
Meetings (avg #)	5.1	4.6

The most common additional committees for the utilities sector are: finance (most of all sectors); executive; environmental/health/safety; science/tech/cyber; risk; and social responsibility.

## PREVALENCE OF STANDING COMMITTEES

Committees	2024 Utilities	2024 S&P 500
Finance	67%	26%
Executive	37%	25%
Science/tech/cyber	17%	17%
Environmental/health/safety	33%	13%
Risk	10%	12%
Social responsibility	10%	7%
Legal	0%	5%
Investment	0%	3%
Strategy	0%	1%
Innovation	0%	1%

## Turnover policies

The utilities sector has the highest percentage of mandatory retirement policies of all sectors. Tenure policies are in place at 13% of the sector, compared to 9% of the S&P 500 index.

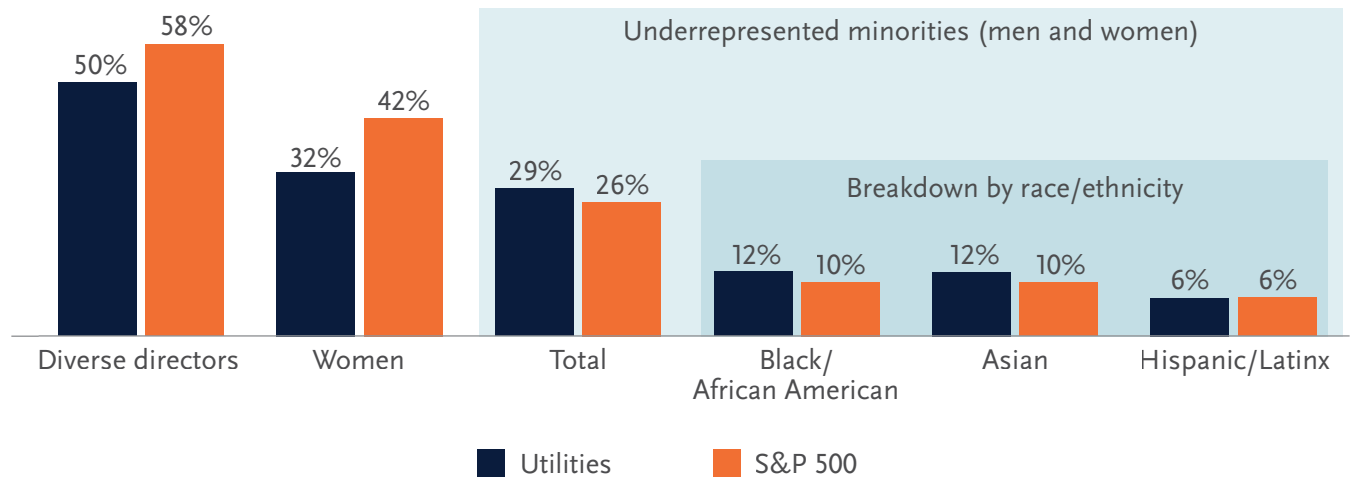
## TURNOVER POLICIES

	2024 Utilities	2024 S&P 500
<b>Mandatory retirement policy</b>		
<i>% companies</i>	90%	67%
<i>Retirement age (avg yrs)</i>	74.0	74.1
<b>Tenure policy</b>		
<i>% companies</i>	13%	9%
<i>Tenure limit (avg yrs)</i>	14.5	14.7
<b>Material change resignation policy</b>		
<i>% companies</i>	100%	89%

## Diversity — utilities 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 50% of the 34 independent directors joining utilities boards over the past year, tied with real estate for the lowest percentage of diverse new directors and compared to 58% of independent directors joining S&P 500 boards.

### DIVERSITY OF INDEPENDENT DIRECTORS JOINING UTILITIES BOARDS



## Diversity — utilities boards

More than half (54%) of directors serving on utilities boards are diverse, compared to 50% of the S&P 500. The sector is tied with the communication services sector for the highest percentage of diverse directors and with the consumer sector for the highest percentage of women directors. It has the highest percentage of boards with three or more women directors.

The sector leads on diversity of Black/African American directors and is tied with the communication services and consumer sectors for the highest percentage of Hispanic/Latinx directors. It is tied with the energy sector for the lowest percentage of Asian directors.

### DIVERSITY OF ALL UTILITIES 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*
Utilities	54%	37%	17%	3%	7%	28%	97%	63%
S&P 500	50%	34%	12%	6%	4%	24%	91%	48%

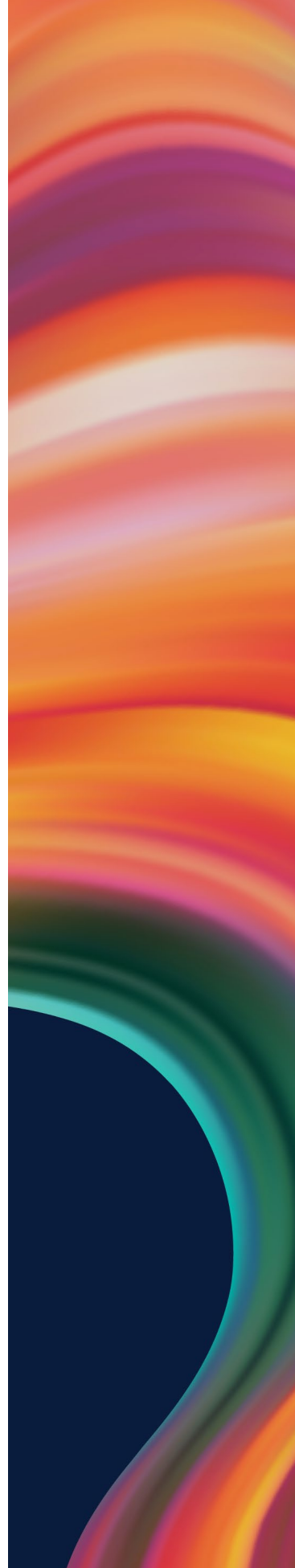
\* URM refers to underrepresented minorities

## Diversity — board leadership

The utilities sector has the highest percentage of female independent lead directors and one of the lowest percentages of female independent chairs.

### DIVERSITY — BOARD LEADERSHIP

	2024 Utilities	2024 S&P 500
<b>Independent chair</b>		
% women	9%	18%
% underrepresented minority	18%	7%
<b>Independent lead director</b>		
% women	40%	20%
% underrepresented minority	10%	11%



## Utilities companies

- » Alliant Energy Corporation
- » Ameren Corporation
- » American Electric Power Company
- » American Water Works Company
- » Atmos Energy Corporation
- » CenterPoint Energy
- » CMS Energy Corporation
- » Consolidated Edison
- » Constellation Energy Corporation
- » Dominion Energy
- » DTE Energy Company
- » Duke Energy Corporation
- » Edison International
- » Entergy Corporation
- » Evergy
- » Eversource Energy
- » Exelon Corporation
- » FirstEnergy Corporation
- » NextEra Energy
- » NiSource
- » NRG Energy
- » PG&E Corporation
- » Pinnacle West Capital Corporation
- » PPL Corporation
- » Public Service Enterprise Group
- » Sempra
- » The AES Corporation
- » The Southern Company
- » WEC Energy Group
- » Xcel Energy





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