



SpencerStuart

2016

Hospitality & Leisure  
Corporate Governance  
Snapshot

# Introduction

Spencer Stuart is pleased to present this year's *Hospitality & Leisure Corporate Governance Snapshot*, highlighting the latest data and trends in board composition, board practices and director compensation for 17 U.S. hospitality and leisure companies. In addition, we examine how hospitality companies compare to the broader S&P 500 index. Our analysis is based on the most recent proxy statements filed as of August 23, 2016 from the following companies:

- » Bloomin' Brands
- » Carnival Corporation
- » Chipotle Mexican Grill
- » Darden Restaurants
- » Expedia
- » Hilton Worldwide
- » Host Hotels & Resorts
- » Hyatt Hotels Corporation
- » Marriott International
- » McDonald's Corporation
- » Royal Caribbean Cruises
- » Starbucks Corporation
- » The Priceline Group
- » TripAdvisor
- » Wyndham Worldwide Corporation
- » Wynn Resorts
- » Yum! Brands

# Director Recruiting and Board Composition

Hospitality and leisure company boards have 10.2 members on average, roughly the same as S&P 500 company boards, which have an average of 10.8 members. Independent directors represent 79% of all directors on hospitality and leisure company boards, compared with 85% of S&P 500 directors.

## INDEPENDENT DIRECTORS



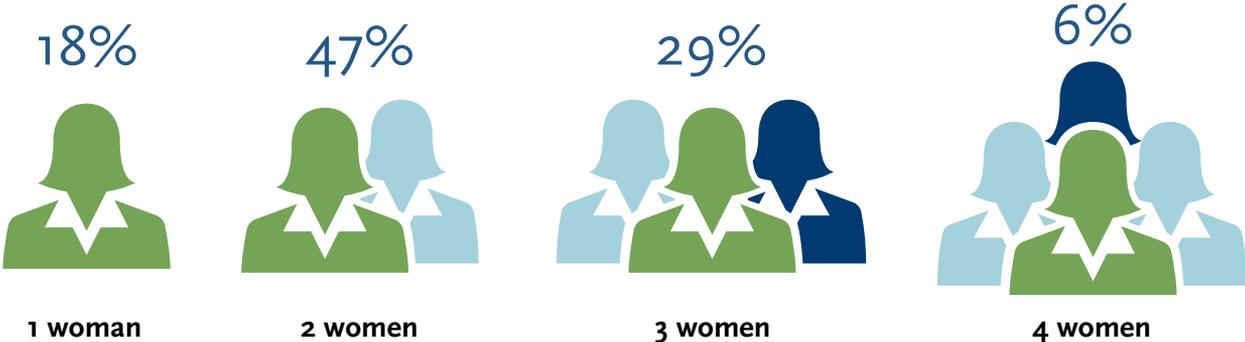
The average age of hospitality and leisure independent directors is 60.8, more than two years younger than the S&P 500 average, 63.0. The youngest hospitality board has an average age of 47 (TripAdvisor) and the oldest has an average age of 68 (Wynn Resorts).

The average tenure of hospitality company boards is slightly shorter than the S&P 500 average, 8.1 years versus 8.3. The longest average tenure is 15 years (Wyndham) and the shortest is two years (Darden). Two of the four companies with the shortest board tenure went public since 2011.

## FEMALE DIRECTORS

One hundred percent of hospitality and leisure boards have at least one female director – up 11 percentage points from last year.

### Number of women directors on hospitality company boards



## NEW DIRECTORS

Thirteen new independent directors (7.5% of the total number of directors) were added during the 2016 proxy year.

Five (38%) of the new independent directors on hospitality company boards are women. This compares with 32% of new independent directors on S&P 500 boards, the highest percentage of women among new directors since 1998.

## NEW DIRECTOR PROFILES

### Employment Status

- » One out of the eight new male directors is retired, while the rest are active
- » One out of the five new female directors is retired, while the rest are active

### Functional Backgrounds

- |                   |                                   |                                    |
|-------------------|-----------------------------------|------------------------------------|
| » 3 president/CEO | » 1 other (film/theatre producer) | » 1 finance management             |
| » 2 academic      | » 1 other corporate executives    | » 1 investment management/investor |
| » 1 government    | » 1 other                         | » 1 division/subsidiary head       |
| » 1 accountant    |                                   |                                    |

### Industry Backgrounds

- |                               |                                  |                                |
|-------------------------------|----------------------------------|--------------------------------|
| » 4 consumer goods & services | » 2 high tech/telecommunications | » 1 accounting                 |
| » 3 non-profit/academics      | » 1 media/entertainment          | » 1 private equity/investments |
|                               | » 1 U.S. government              |                                |

## BOARD LEADERSHIP

Fifty-nine percent of hospitality company boards have a separate chairman and CEO, compared with 48% of S&P 500 boards. Three companies have an independent chairman and do not have a lead or presiding director.

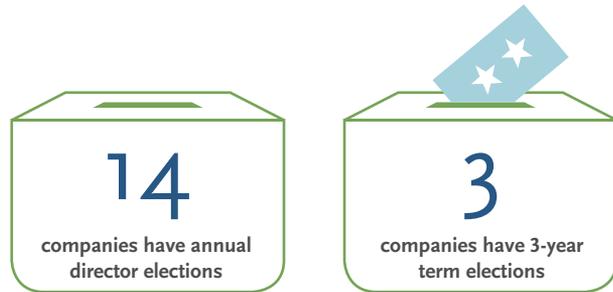
Sixty-five percent have a lead or presiding director, versus 87% of the S&P 500.

Among companies where the CEO is also the chairman, all have either a lead or presiding director. For the 249 companies in the S&P 500 where the CEO is also the chairman, only one board does not have a lead or presiding director.

# Board Organization and Process

## ANNUAL DIRECTOR ELECTIONS

Eighty-two percent (14) of hospitality company boards have annual director elections compared with 92% of S&P 500 companies, and the remaining 18% (3) have three-year terms compared with 8% of S&P 500 companies.



## BOARD MEETINGS

Hospitality company boards met an average of 8.2 times, compared with the S&P 500 average of 8.4.



## MANDATORY RETIREMENT

Only 41% of hospitality company boards report having a mandatory retirement age in their proxies or government guidelines published online. This compares with 73% of S&P 500 companies.

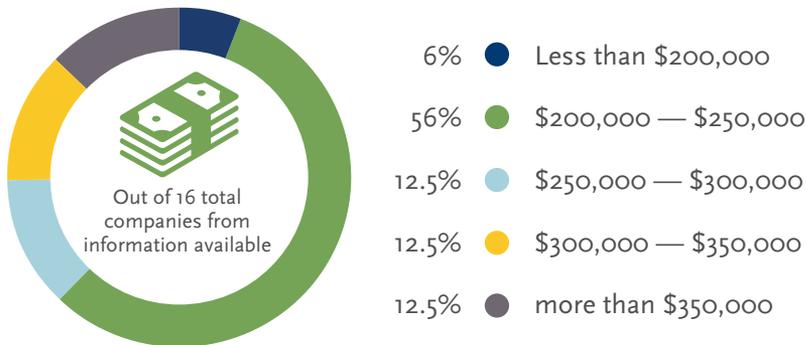


Among those that do, four (57%) set their retirement age at 75, two set it at 72 (29%) and one sets it at 73 (14%).

# Compensation

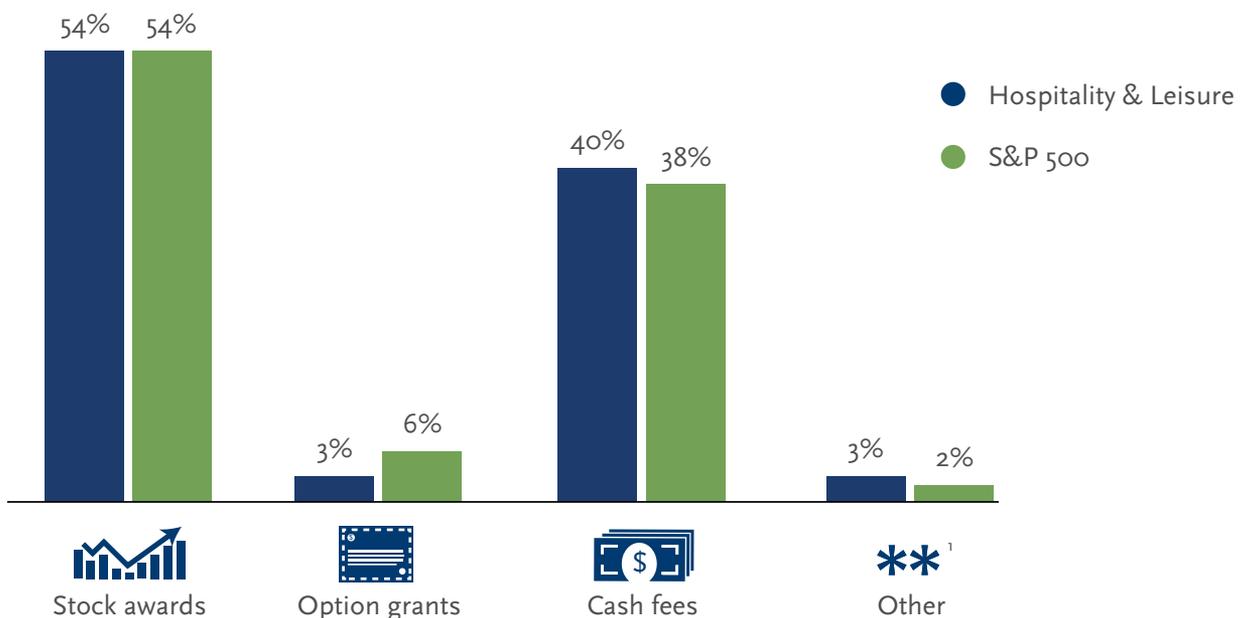
## TOTAL DIRECTOR COMPENSATION

The total average per-director compensation for hospitality company directors is \$260,651, compared to the S&P 500 average of \$285,065. More than half of hospitality companies pay directors between \$200,000 and \$250,000.



Fifty-seven percent of average director compensation comes in the form of stock awards or option grants. When looking at individual companies, stock grants represent as much as 78% of director compensation. Two companies provide stock options. Cash compensation represents as much as 100% of director compensation at individual companies and as little as 6%.

## BREAKDOWN OF DIRECTOR COMPENSATION



<sup>1</sup> Includes, for example, insurance premiums, charitable award programs and incremental cost to company of products provided.

## ABOUT SPENCER STUART BOARD SERVICES

---

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

For more than 30 years, our Board Practice has helped boards around the world identify and recruit independent directors and provided advice to chairmen, CEOs and nominating committees on important governance issues. We serve a range of organizations across geographies and scale, from leading multinationals to smaller organizations. In the past year alone, we conducted more than 600 director searches worldwide, and in North America one-third of those assignments were for companies with revenues under \$1 billion.

Our global team of board experts works together to ensure that our clients have unrivaled access to the best existing and potential director talent, and regularly assists boards in increasing the diversity of their composition. We have helped place women in more than 1,600 board director roles and recruited roughly 600 minority directors around the world.

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring — both on our own and with other prestigious institutions — key concerns of boards and innovative solutions to the challenges facing them. Publishing the *Spencer Stuart Board Index (SSBI)*, now in its 31<sup>st</sup> edition, is just one of our many ongoing efforts.

Each year, we sponsor and participate in several acclaimed director education programs including:

- » The New York Stock Exchange (NYSE) Annual Boardroom Summit & Peer Exchange hosted by NYSE Governance Services
- » The Global Board Leaders' Summit hosted by the National Association of Corporate Directors
- » The Global Institutes sponsored by the WomenCorporateDirectors (WCD) Foundation
- » The Corporate Governance Conference at Northwestern University's Kellogg School of Management
- » The New Directors Program, a unique two-year development program designed to provide first-time, non-executive directors with an exclusive forum for peer dialogue on key issues and "unwritten rules" of corporate boards, produced in partnership with the Boston Consulting Group, Frederick W. Cook & Co., Gibson Dunn, Lazard and PricewaterhouseCoopers

## Social Media @ Spencer Stuart

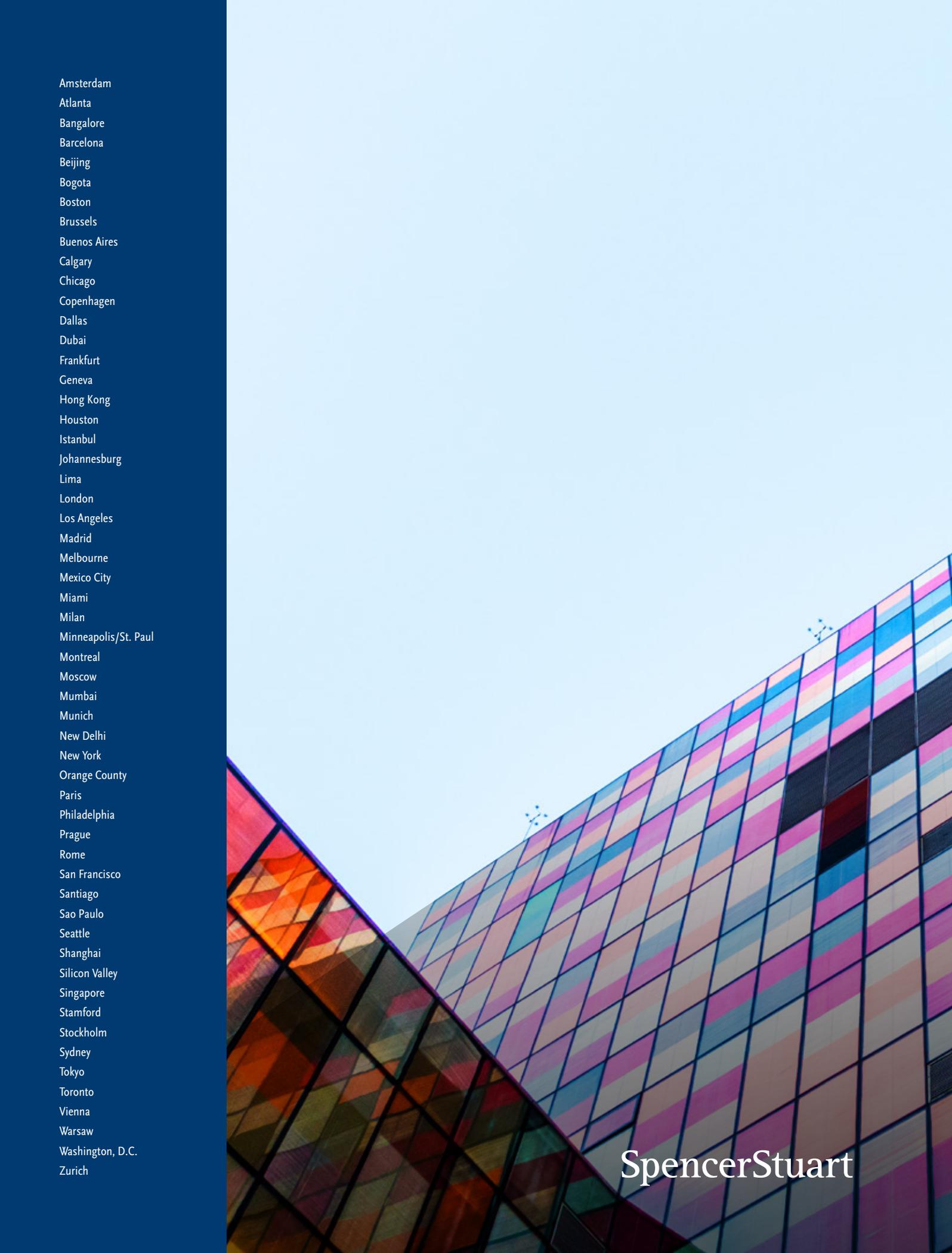
Stay up to date on the trends and topics that are relevant to your business and career.



© 2017 Spencer Stuart. All rights reserved.

For information about copying, distributing and displaying this work, contact: [permissions@spencerstuart.com](mailto:permissions@spencerstuart.com).

Amsterdam  
Atlanta  
Bangalore  
Barcelona  
Beijing  
Bogota  
Boston  
Brussels  
Buenos Aires  
Calgary  
Chicago  
Copenhagen  
Dallas  
Dubai  
Frankfurt  
Geneva  
Hong Kong  
Houston  
Istanbul  
Johannesburg  
Lima  
London  
Los Angeles  
Madrid  
Melbourne  
Mexico City  
Miami  
Milan  
Minneapolis/St. Paul  
Montreal  
Moscow  
Mumbai  
Munich  
New Delhi  
New York  
Orange County  
Paris  
Philadelphia  
Prague  
Rome  
San Francisco  
Santiago  
Sao Paulo  
Seattle  
Shanghai  
Silicon Valley  
Singapore  
Stamford  
Stockholm  
Sydney  
Tokyo  
Toronto  
Vienna  
Warsaw  
Washington, D.C.  
Zurich



SpencerStuart