



SpencerStuart

2024 Mexico

Spencer Stuart
Board Index

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 more than 60 offices, across 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, employee engagement and many other facets of organizational effectiveness.

Leveraging 70 years of experience, our global Board and CEO Practice has become a trusted partner in identifying and recruiting independent directors, advising on governance issues, and supporting boards and CEOs through career milestones, business transformations and crises.

Our global team provides unmatched access to top director talent and assists boards in increasing the diversity of their composition. We support every leadership decision, including board appointments, CEO recruitment, long-term CEO succession planning, executive development and accelerating CEO performance within their pivotal first year and beyond. As a long-term strategic partner to boards, we help identify and remove obstacles to improving board effectiveness and performance.

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring the key concerns of boards and innovative solutions to the challenges they face. Publishing the *U.S. Spencer Stuart Board Index*, now in its 39th edition, is just one of our many ongoing efforts. Each year, we support a range of organizations focused on enhancing diversity and inclusion in the boardroom and participate in several acclaimed director programs, including:

- » African American Directors Forum (AADF)
- » Latino Corporate Directors Association (LCDA)
- » Diligent Next Gen Board Leaders (NGBL)
- » The New Director Program — a unique two-year development program for first-time, non-executive directors
- » Women Corporate Directors (WCD) Foundation

760

We've **conducted more than 760 director searches** worldwide in the past year alone.

39%

of our North American board placements were active or retired **CEOs**.

4,000

Over **4,000** of our global corporate board director placements have been **women**.

1,375

More than **1,375** of our global corporate board director placements have been from **underrepresented minority groups**.

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Our Perspective

Board oversight has never been more critical. After the pandemic era brought unprecedented shifts to the global business landscape and ushered in the dawn of a new paradigm in corporate management, companies today are grappling with heightened challenges around risk management and geopolitical turmoil, making it increasingly difficult to stay competitive.

To address these challenges and achieve business objectives, organizations must attract and retain the right directors for their boards. Indeed, companies with top board talent are better positioned to meet the high-performance expectations of shareholders, markets and regulatory bodies.

However, several issues could hamper Mexican boards' ability to adapt to the business environment. Among the most pressing issues is board refreshment. While the share of women on Mexican boards has risen from 6% to 13% from 2018 to 2023, representation remains significantly lower than countries such as the United States (33%) and France (47%). In addition, the average age (63) and tenure (12) of Mexican board directors are higher than international averages, raising concerns about the diversity of perspectives, skills and experiences on these boards. Although long-tenured board members provide valuable institutional knowledge and strategic insights, boards function best when they incorporate a range of viewpoints and skills.

As organizations strive to remain competitive, continuity must be balanced with a more dynamic approach to board refreshment. Boards must evaluate whether their current members possess the skills and insights needed to navigate evolving market demands, meet high stakeholder expectations, and support innovation and rapid decision-making.

Our 2024 *Mexico Spencer Stuart Board Index* provides insights into board composition, diversity, corporate governance and director compensation for some of the most influential companies in Mexico. We hope you will find value in the results of our research as we continue to closely observe how companies operate across the Mexican market.



Methodology

This second edition of the *Mexico Spencer Stuart Board Index* provides our analysis of the board and governance practices of the companies included in the Prices and Quotations Index (*Índice de Precios y Cotizaciones*), the Mexican Stock Exchange (*Bolsa Mexicana de Valores*, or *BMV*) and *Bolsa Institucional de Valores* (*BIVA*).

Share issuers listed in the National Shares Registry (*Registro Nacional de Valores*) must provide financial, economic, accounting and administrative information via annual reports. For our analysis, we consolidated information for 113 companies, their board members and board practices from their 2023 annual reports and other public sources to provide the most accurate, complete and updated figures. When possible, we compared our findings with trends from the 2018 *Mexico Spencer Stuart Board Index*, and data from our most recent European and United States indexes.

The boards analyzed for this report have solid experience in the Mexican Stock Exchange, most having been listed for 20 years; 20% were listed before 1990, 35% between 1990 and 2000 and 46% after 2000. This trend is consistent with the new influx of foreign capital in Mexico during the 1990s and the reform to the Mexican Securities Market Law (*Ley del Mercado de Valores*) to modernize and globalize the stock system.

The 113 companies analyzed for this year's index collectively have 1,246 total board seats. We also classified these companies across five sectors: 41% are industrial, 27% consumer goods and services, 23% financial services, 5% technology, media and telecommunications and 4% healthcare.

Corporate governance in Mexico

The Mexican Stock Exchange and *Bolsa Institucional de Valores* are public institutions that operate under a concession granted by the Ministry of Finance (*Secretaría de Hacienda y Crédito Público*, or *SHCP*), in line with the Mexican Securities Market Law. The regulations governing the Mexican Stock Exchange and *Bolsa Institucional de Valores* (*BIVA*) are based on the Stock Exchange Law (*Ley Federal del Mercado de Valores*), Best Corporate Practices Code, issued by the Business Coordination Council (*Consejo Coordinador Empresarial*, or *CCE*). This code is voluntary for all public and private corporations in Mexico.

Some of the largest companies that trade on the Mexican Stock Exchange integrate the Prices and Quotations Index (*Índice de Precios y Cotizaciones*) — the official indicator of the Mexican stock market's performance. Furthermore, the Mexican Stock Exchange oversees share issuer obligations as outlined in the Issuers Single Circular Letter (*Circular Única de Emisoras*), which details what share issuers must disclose to ensure investors can make informed decisions.

Board Composition

Board composition is one of the most critical aspects of a board's operation. Composition is about more than size, allocation by member type or gender distribution: it is about a board's collective characteristics and its members' attributes — including director independence. Directors must establish trust and challenge one another to make relevant contributions and support their company's long-term sustainability.

While all companies must follow the same rules, Mexican boards can adopt different practices based on their unique business strategies, internal characteristics and industry challenges.

Mexican boards average 11 members

According to the Stock Exchange Law (*Ley Federal del Mercado de Valores*), board composition regulations require that boards have no more than 21 members; there is no legal minimum.

In general, Mexican boards are becoming smaller: 92% of boards have fewer than 16 members and the average board comprises 11 members — a slight decrease from 2018 (11.6) and just above the international average of 10 members. From 2018 to 2023, there was a 7 percentage-point increase in the share of companies with six to 10 members.

SIZE OF MEXICAN BOARDS

Number of members	%
≤5	3%
6–10	42%
11–15	47%
16–20	8%

Average board sizes range by sector. The consumer goods and services and technology, media and communications industries have the largest boards (13), up from 12.1 and 12.4 in 2018, respectively. Meanwhile, financial services boards increased from 11.2 (2018) to 12 (2023).



AVERAGE BOARD SIZE BY SECTOR

Sector	Average size
Consumer goods & services	13
Technology, media & telecommunications	13
Healthcare	12
Financial services	12
Industrial	11

Average board member has significant functional experience and long tenure

The average tenure for board members is 12 years, up from 11 years in 2018. This tenure length is considerably higher than the international average of 5.45 years. Our research found that 43% of board members have served for more than 10 years, and 21% have served for more than 20, signaling that continuity is important. However, longer tenure means fewer opportunities for new board members and finding more diverse voices.

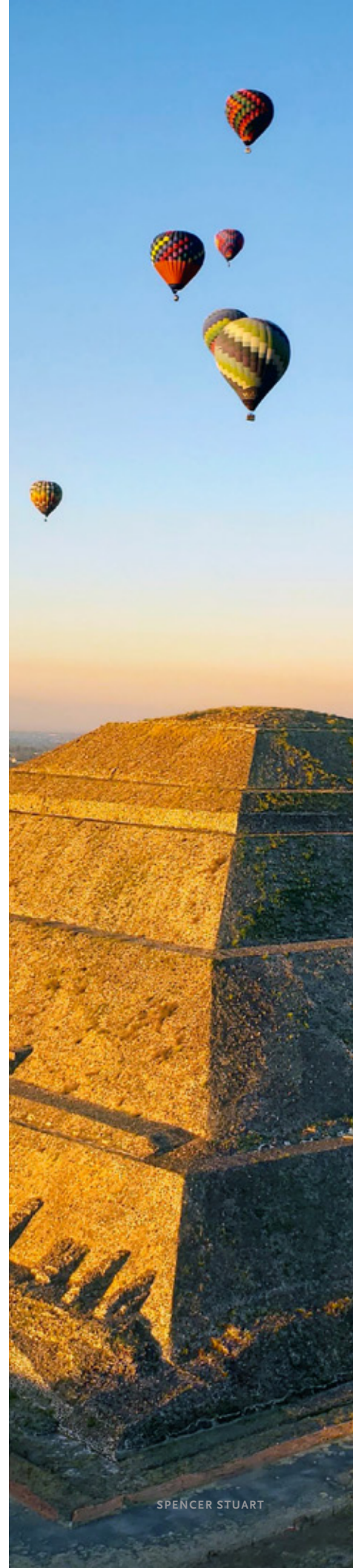
TENURE OF BOARD MEMBERS

Tenure ranges in years	%
<6	27%
6–10	20%
11–20	22%
21–30	13%
>30	8%
No information	10%

In addition, 15% of board members are part of more than one board, which suggests that companies value members with specific board knowledge and connections developed through on-the-job experience.

Nearly half (47%) of the 113 companies separate their chair and CEO roles, which is considered a best practice because of the potential conflict of interest for executives to serve on the entity that supervises them. In Mexico, 11% of board members are part of their company's executive team and hold a board seat at that company; 53% of those board members are CEOs serving on their own boards.

According to Mexican Stock Exchange Law, board members should continue with their appointment for up to 30 days even when the term ends or if they resign. Doing so helps ensure a smooth transition and can prevent disruptions to board operations.



A plurality of Mexican board members have a master's degree

Bachelor's degrees are no longer a guarantee of skills and experience, which perhaps explains why a larger share of board members have at least one master's degree (42%). Meanwhile, 36% of board members have a bachelor's degree as their highest level of education, and just 6% have a Ph.D.

The distribution of bachelor's degrees among board members is largely concentrated in social sciences (68%) and physical and mathematical sciences and engineering (28%).

BOARD MEMBER'S HIGHEST LEVEL OF EDUCATION

Highest education level	%
Master's degree	42%
Bachelor's degree	36%
Postgraduate	9%
Ph.D.	6%
No information	6%

Boards members need industry and senior leadership experience

Board members' background experiences play a crucial role in the effectiveness and success of any governing body. Indeed, skilled board members bring valuable industry knowledge and strategic insights that can help them shape the company's direction, navigate complex challenges, foster innovation and ensure accountability. Ultimately, a well-rounded board with seasoned members enhances overall organizational performance and stakeholder confidence.

Mexican board members bring an array of background experiences which have shaped their professional careers: 34% worked in business administration, 22% in finance, banking and financial services and 13% in industrial.

Having a board director with senior executive experience is also critical. Senior professionals bring a wealth of strategic insight and a deep understanding of industry dynamics. Our data show that 69% of Mexican board directors are current or former C-level leaders or vice presidents, 10% have served in senior manager or senior director positions and 6% have held chair or president roles.

Half of board members are independent

The Stock Exchange Law (*Ley Federal del Mercado de Valores*) defines as “independent” any board member who is:

- » Not an employee, shareholder, consultant, client or vendor of the company or any financial entity within the company
- » A shareholder without any significant influence or decision-making power and is not linked to the company’s management team

Half (50%) of Mexican board members are independent, which is well above the minimum required (25%) and a slight increase from 2018 (48.5%). However, the share of independent Mexican board directors is 12 percentage points below the international average (62%). The sectors with the highest percentage of independent members relative to the total number of members are financial services (60%) and industrial (58%).

PERCENTAGE OF INDEPENDENT MEMBERS PER SECTOR

Sector	%
Financial services	60%
Industrial	58%
Technology, media & telecommunications	54%
Consumer goods & services	53%
Healthcare	46%

Board diversity is increasing, but there is room for more progress

Reports presented to the Mexican Stock Exchange (*Bolsa Mexicana de Valores*) or *Bolsa Institucional de Valores* do not disclose whether board members belong to a historically underrepresented group (self-identified as LGBTQ+, indigenous or disabled). Therefore, estimating the share of underrepresented groups on Mexican boards can be challenging. However, we examined diversity in gender, age and country of origin using publicly available data.

The share of women on Mexican boards is increasing

From 2018 to 2023, the representation of women on Mexican boards increased by 7 percentage points (6% to 13%), suggesting that companies are starting to adapt to the increasing demands for diversity amid changing, dynamic and flexible societies.





Encouragingly, the number of boards without women has decreased: 30% of boards have no female members compared with 52% in 2018, and 25% have just one female member compared with 32% in 2018. From 2018 to 2023, the share of boards with four or five women increased by 5 percentage points.

NUMBER OF WOMEN ON COMPANY BOARDS

# of women per board	% of companies
0	30%
1	25%
2	23%
3	15%
4	5%
5	2%

The number of women in top roles serving on Mexican boards has also increased: 35% are CEOs (compared with 1.2% in 2018) and 4% are board presidents. Of course, boards should prioritize senior leadership experience among board members in general, regardless of gender.

However, there is still work to do. Female representation on boards is well below the 32% average across other countries where we publish a Board Index. And of the 93 new members that joined Mexican boards, just 33 (35%) were women.

Female board members also have much lower average tenure compared with male board members: 6.4 years to men's 14.1. Furthermore, 50% of women boards members do not participate in any board committee, limiting their potential impact. Companies with male-dominated or exclusively male board committees are missing out on the benefits that more diverse perspectives can bring.

Mexican board members are 63 years old on average

The ages of Mexican board members range from 27 to 95 years old, with the average age being 63 years — four years older than in 2018 — surpassing the international average (59).

Notably, 75% of board seats are occupied by members between 51 and 95 years old, suggesting a preference for members with lengthier career experience. Only 13% of board seats are held by members aged 50 and younger. With directors skewing younger, boards could miss out on different viewpoints and the valuable experiences of younger members.

AGE RANGES OF BOARD MEMBERS

Age ranges	%
≤35	1%
36–50	12%
51–65	39%
≥66	36%
No information	11%

Mexican boards have regional diversity

Most board seats (93%) are occupied by members from within the Americas, with most of the remaining seats filled by members from Europe (5%). Mexican boards tend to include fewer non-nationals than other countries; 13% of board seats are occupied by foreign-born members, compared to the 28% average among the other countries we track.

BOARD MEMBER REGION OF ORIGIN

Continent	%
Africa	1%
North and South America	93%
Asia	0.2%
Europe	5%
No information	1%

The board secretary role is being elevated

In recent years, the role of the board secretary has become more vital as scrutiny around corporate practices increases. The secretary's responsibilities include ensuring organizations comply with laws and mandates, keeping board records and helping board members fulfill their fiduciary duties. Mexican Stock Exchange Law stipulates that boards appoint a secretary who is not a member.

Below is a snapshot of board secretary profiles across companies:

- » 88% of board secretaries are men and 12% are women — similar to overall board gender diversity.
- » 76% of board secretaries are 36 to 65 years old; 52% of board members fall into this age range.
- » 50% of board secretaries hold a bachelor's degree as their highest level of academic study while 35% hold a master's degree and 4% hold a Ph.D.
- » 42% have an executive role within their company, mainly in legal affairs, which could make secretaries more efficient in their duties.





Board Organization and Process

Boards slightly exceed the minimum meeting requirements

Mexican Stock Exchange Law allows shareholders to appoint board members or revoke membership during each annual shareholders' ordinary assembly. The law also requires boards to meet at least four times per fiscal year; the company's external auditor must also attend these meetings as a guest with a voice but no vote.

Most Mexican boards (92%) meet an average of 4.2 times a year; the average number of meetings across other countries where we publish a board index was 10. In addition to mandatory meetings, Mexican boards have different committee meetings. Committees that focus on corporate practices or auditing consist of exclusively independent members with at least three members appointed by the board. However, boards are not required to disclose the frequency of committee meetings, and most companies choose not to. Some boards hold extraordinary (additional) meetings that vary in purpose and number according to the company's needs.

On average, boards have three standing committees

Mexican boards are required to establish an audit committee to oversee corporate practices, investigate violations of internal control and audit policies and evaluate risk management policies, among other responsibilities. This committee also oversees financial reporting and disclosure.

In addition to the mandatory audit committee, most boards host an average of three committees, with corporate governance (58%) and compensation (23%) being the next most common. Because of the ongoing demand for companies to account for their social and environmental impact, the share of companies with a corporate social responsibility and sustainability committee increased 4 percentage points since 2018.

DISTRIBUTION OF THE NUMBER OF COMMITTEES

# of committees	%
1	28%
2	27%
3	18%
4	12%
5	8%
6	4%
7	2%
8	0%
9	1%

PREVALENCE OF COMMITTEES

Type of committee	% of boards with these committees*
Audit	100%
Corporate governance	58%
Others	27%
Compensation	23%
Finance & investment	20%
Risk	12%
Corporate social responsibility & sustainability	9%
Ethic	3%
Human resources/ succession	2%
Directors	2%
Strategy	0%

*Some boards have more than one committee.



Board Compensation

Board compensation is not regulated in Mexico, and payment disclosure is not mandatory. As such, 81% of the 2023 annual reports we reviewed disclosed whether board members receive compensation; the remainder did not include clear information.

Of the companies that did report director compensation, 62% have a cash-based payment and 12% offer “centenarios” — a Mexican gold coin with a face value of 50 pesos not intended to be used as currency. For the companies paying in cash, 50% pay in Mexican pesos (MXN), 12% compensate board members in USD and just 1% use euros. Seven percent (7%) of companies do not compensate their board members for their service.

For companies that do disclose board member compensation, it is standard practice to pay a higher amount to the chair and the independent members.

In addition to regular payment to board members, most companies provide an additional premium for those serving on committees. Of note, the committee president usually receives a higher compensation than the rest of the committee members.

BOARD DIRECTOR COMPENSATION

	MXN	USD
Average compensation per member per board session	\$97,345	\$9,924
Highest compensation per member per session	\$543,500	\$20,000
Lowest compensation per member per session	\$25,000	\$3,750
The average extra compensation per member per committee session	\$66,315	\$9,308

Note: The first column represents average board member compensation among companies paying their members exclusively in MXN, and the second column represents board member compensation among companies paying exclusively in USD.



Challenges for the Boards

Board refreshment is one of the most pressing issues Mexican boards face today, limiting both diversity and the range of perspectives that fuel innovation and decision-making. Addressing these challenges is essential for optimizing board performance and ensuring that organizations can navigate the increasing complexities of the modern business world.

Boards can start by considering the following:

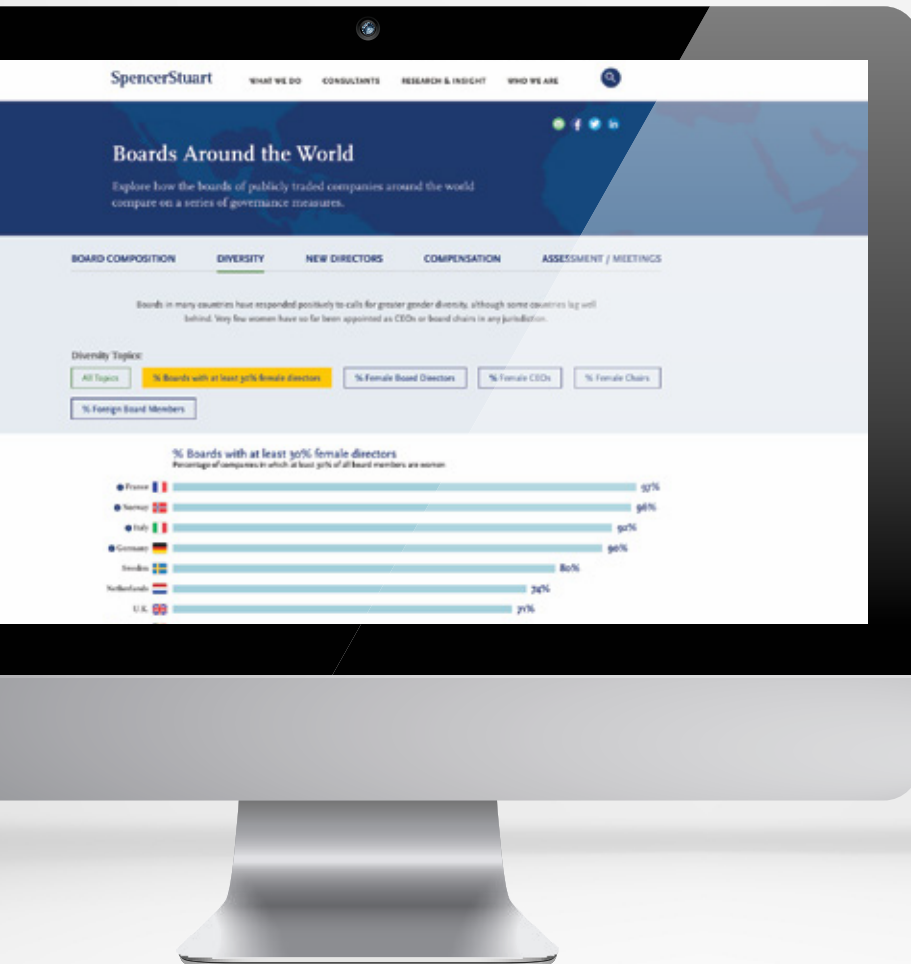
- » What does our current board composition look like in terms of gender diversity? Can we set specific gender diversity goals for our board? What metrics and benchmarks can we use to measure our progress?
- » What potential barriers exist within our organization or industry that may hinder the recruitment of diverse board members? How can we actively work to dismantle these barriers?
- » How well do our current mandatory retirement and tenure policies help us be proactive in board refreshment? What changes could we make to ensure we have a diversity of voices and age ranges on boards?

To maintain momentum in gender diversity and board refreshment, boards should cultivate a culture of accountability, continuous improvement and learning. For example, boards can incorporate discussions around board diversity and refreshment into relevant committee meetings or during recruitment and succession decisions to ensure these issues remain top of mind. In addition, implementing mentorship and sponsorship programs targeted toward women and other underrepresented groups could nurture a pipeline of qualified candidates for future board positions. By making board refreshment part of ongoing improvement initiatives, boards can create a framework that fuels continued progress and enriches governance and decision-making.



Boards Around the World

Spencer Stuart publishes Board Indexes covering more than 25 countries around the world. The majority of these Board Indexes are published annually, with a few appearing on alternate years.



We have compiled key data from all these countries into our **Boards Around the World** feature — an interactive data exploration tool.

Compare nationally aggregated data from leading companies from North and South America, Europe and Asia Pacific across a wide range of measures.

Our more detailed International Comparison data set, previously published in printed editions of our Board Indexes, is now available online only.

Visit spencerstuart.com/BATW for more details.

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