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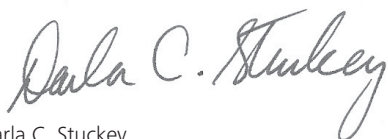
Over the course of a decade, the Society of Corporate Secretaries and Governance Professionals has published the *Board Practices Report*. This ninth edition, in collaboration with the Deloitte LLP Center for Corporate Governance, continues to explore a number of areas affecting boardrooms today, including board oversight of strategy, director tenure policies and other mechanisms for board refreshment, use of data analytics, and shareholder engagement.

The *2014 Board Practices Report: Perspectives from the boardroom* is based on invaluable contributions from 250 public companies represented in the Society's membership. Analysis of the survey results reveals, among other interesting findings, that:

- Strategy topped the list of board focus areas for the coming year, selected by 85 percent of survey respondents. This was followed by risk oversight, which is often viewed in tandem with strategy, and board composition, which continues to garner shareholder attention. To round out the top five, CEO succession planning and cyber security were also noted as board priorities for 2015.
- More than half of the respondents said their boards are discussing strategy at every board meeting. Further, almost all said the board is briefed on strategic alternatives and discusses risks associated with those strategies. A majority noted that the level of information provided to the board on strategic risk has been enhanced over the past year.
- A combined chairman and CEO role exists in 60 percent of large cap boards, and most of those have a lead director, while mid and small cap companies have combined roles 53 percent and 50 percent of the time, respectively.
- Common practices pertaining to board refreshment were also investigated. Approximately 50 percent of respondents said their most recent director joined the board during the past year. Age limits are the most prevalent mechanism triggering board turnover, and they continue to rise; director retirement is another reason for change in board composition at 53 percent of all companies.
- The three most sought-after board skills and backgrounds remain unchanged from the 2012 report: related industry experience, c-level experience, and international business exposure. One-third of small caps selected mergers and acquisitions experience, highlighting a focus area for these companies.
- The number of women on boards appears to be increasing; 18 percent of respondents increased the number of women on their board in the past year. This is particularly true among large and small caps where women comprise 26%–50% of board composition. Similar trends, but on a smaller scale, can be found with respect to minority representation. Very few boards have directors aged 40 or younger.
- One-third of the companies surveyed educate their boards on big data and data analytics, and this is particularly true among the large cap companies (48 percent). Further, 28 percent said they are incorporating advanced analytics into company strategy and 7 percent are considering doing so.
- A slight majority, 55 percent, of the participants noted that their boards have discussed how to prepare for an activist.
- Boards are receiving education on a number of topics; the most common are company policies, fiduciary duties, insider trading, and industry-specific topics. Compared to our 2012 report, topics that have gained in popularity are ethics, company policies, and regulatory issues, with 12, 15, and 17 percent point increases, respectively.

Whether used as a means to stay current, engage in benchmarking, or achieve other goals, our hope is that this report will serve as a resource for boards, management teams, governance professionals, and other interested parties.

Sincerely yours,



Darla C. Stuckey
Executive Vice President & General Counsel
Society of Corporate Secretaries and Governance Professionals



Maureen P. Bujno
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Participant overview

The responses to the survey's first questions provide detail on the industry and size of respondents, as shown in the charts and tables to follow.

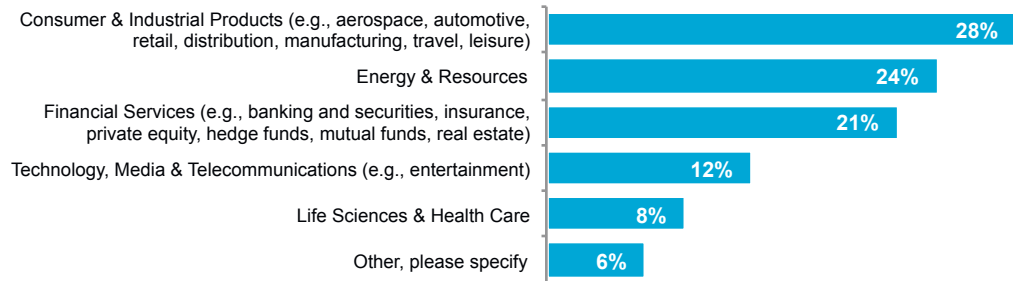
2014 respondents

	Large cap	Mid cap	Small cap	Financial services	Nonfinancial services	Total public companies
No. of respondents	114	108	28	53	197	250
Percent of total respondents (by market cap¹ and industry)	46%	43%	11%	21%	79%	100%

¹Company market cap is as of December 31, 2013. Market cap breakdown is as follows: Large cap: > \$10 billion; Mid cap: ≥ \$700 million to ≤ \$10 billion; and Small cap: <\$700 million.

Industry classification

For analysis purposes, respondents have been grouped into financial services and nonfinancial services companies, representing 21 percent and 79 percent of the sample, respectively.



Survey results

FINDINGS AND TRENDS

Board selection, recruitment, and composition

Board size is nine to 11 members depending on company size

Board size is relatively consistent, with 45 percent of respondents having nine to 11 members. Board size appears to be associated with company size; as market cap increases, the size of the board also rises. Most small caps have seven directors; most mid caps have nine, and large caps have 11. The majority of both financial and nonfinancial services companies have nine to 11 board members. While there is no one-size-fits-all approach to board size, companies should consider this factor with respect to board efficiency and effectiveness. About half of the respondents said that their board size did not change in the past year. The remaining half was split, with 29 percent saying size decreased and 22 percent saying it increased in the past year.

Mixed results on tenure and turnover

Recently, many investors have been expressing concern over director tenure. Some have raised the issue that long-standing directors could compromise independence and objectivity, regardless of the institutional knowledge they have obtained. Some also link long-tenured directors with a lack of opportunity for new and/or diverse board candidates. One large investor now screens companies on director tenure when considering votes for or against directors. One-third of all companies have an average tenure of non-management directors of between five and seven years. Small caps have longer tenures, with 29 percent having an average tenure of 11 or more years. A similar trend is apparent for financial services companies, with 40 percent having an average tenure of 11 or more years. Sixty-one percent of companies noted their longest-tenured director has been on the board for more than 13 years.

DID YOU KNOW?

The proxy advisory firm Institutional Shareholder Services reports average director tenure of 8.6 years.

While some boards have a long-standing member, they are still refreshing their membership regularly; 50 percent of all companies surveyed said their most recent director joined the board within the past year and another 20 percent said

one year ago. Few respondents answered that the most recent board member joined more than three years ago.

Amid increasing age limits, retiring directors drive board refreshment

Retirement in response to age limits continues to be the most prevalent mechanism for board refreshment. Age limits continue to rise; respondents chose ages 72 and 75 (or older) as the most frequent age limit policy. In addition, more boards are increasing the age limit: 30 percent said 75 or older, up from 18 percent in 2012. While more companies appear to be instituting term limits, the number remains very low. Since the 2012 report, there has been a 3 percentage point increase to 6 percent of companies. For the few companies with term limits, the most common term is 11 to 15 years. Ten percent of respondents have “other board tenure conditions/restrictions” in place, up from 4 percent in 2012.

Despite the increase in age limits, director retirement is the main reason for change in board composition at 53 percent of all companies surveyed, particularly among the large caps. This was followed—distantly—by the need for specialized knowledge and director resignation. There has been a significant decline in “need for specialized knowledge,” at 19 percent, down from 37 percent in 2012. This may be an indication that board recruitment practices are more focused and strategic in onboarding directors to fill skill gaps. Some respondents, mainly small caps, supplied a response in the “other” category; responses included “loss/change in controlling shareholder” and “CEO and other management transitions.”

When it comes to proactively recruiting new board members, responses were varied. A majority of companies turn to their own directors for prospective board member recommendations, with 72 percent of respondents choosing this as their first option. But 56 percent also use a search firm when recruiting. An equal number of companies have a process in place to identify potential board candidates continuously (44 percent) versus those that identify a potential candidate only when there is a clear opening (43 percent). Surprisingly, very few respondents (6 percent) said they keep a recruiting firm on retainer at all times.

Diversity and ethnicity budge, but few Generation Xers make it to the boardroom

Diversity in board composition continues to gain attention, not just from investors but from organizations such as Catalyst, the 30% Coalition, 2020 Women on Boards, and Alliance for Board Diversity, whose missions are to increase women and minority representation on boards. While it is slow, companies appear to be increasing the number of women on their boards. This year, about one-quarter of all companies said women make up 26 percent to 50 percent of the board, up from 18 percent in 2012. Such increases are particularly noticed among large caps, small caps, and financial services companies, with 7, 16, and 12 percentage point increases, respectively. Similar trends, but on a smaller scale, can be found with respect to minority representation. The biggest jump since 2012 is the 9 percentage point increase of financial services companies that have 26 percent to 50 percent minorities on their boards. This is the opposite for small caps, where none have had an increase in minority directors during the past year. Companies would be well advised to seek out business executives and leaders of minority-represented organizations.

DID YOU KNOW?

In 2014, Wal-Mart Stores added 30-year-old Kevin System, former CEO and co-founder of Instagram, to its board of directors. According to a September 29, 2014, Wall Street Journal article, the company was looking for a new director with technology experience. This is the first public company board position for System.

While the needle has moved slightly on gender and ethnicity, it appears to be at a standstill when it comes to adding younger board members. There has been little change since the 2012 report; currently, more than half of the companies report that their youngest director is older than 50. Small caps have the youngest board members, with 15 percent having a director in the age range of 26 to 40. Some predict that more companies will likely take a chance on filling board seats with younger, more

inexperienced directors, who are often viewed as having high technological aptitude and ingenuity.

Wanted: industry, c-suite, and international business experience

The top three desired board skills and experience remain unchanged from the 2012 report: industry (similar to that of the respective company), C-suite experience, and international business exposure. A breakdown by company type shows that one-third of small caps selected mergers and acquisitions experience, highlighting a focus area for these companies. It is interesting to note that in the “other” category, some respondents indicated social and digital media were desired board skills, reflecting our increasingly digital society and a greater focus on cyber security. Some would speculate that this could trigger a rise in younger board members, as many see younger generations as being highly tech savvy and leaders in developing innovative technological ideas.

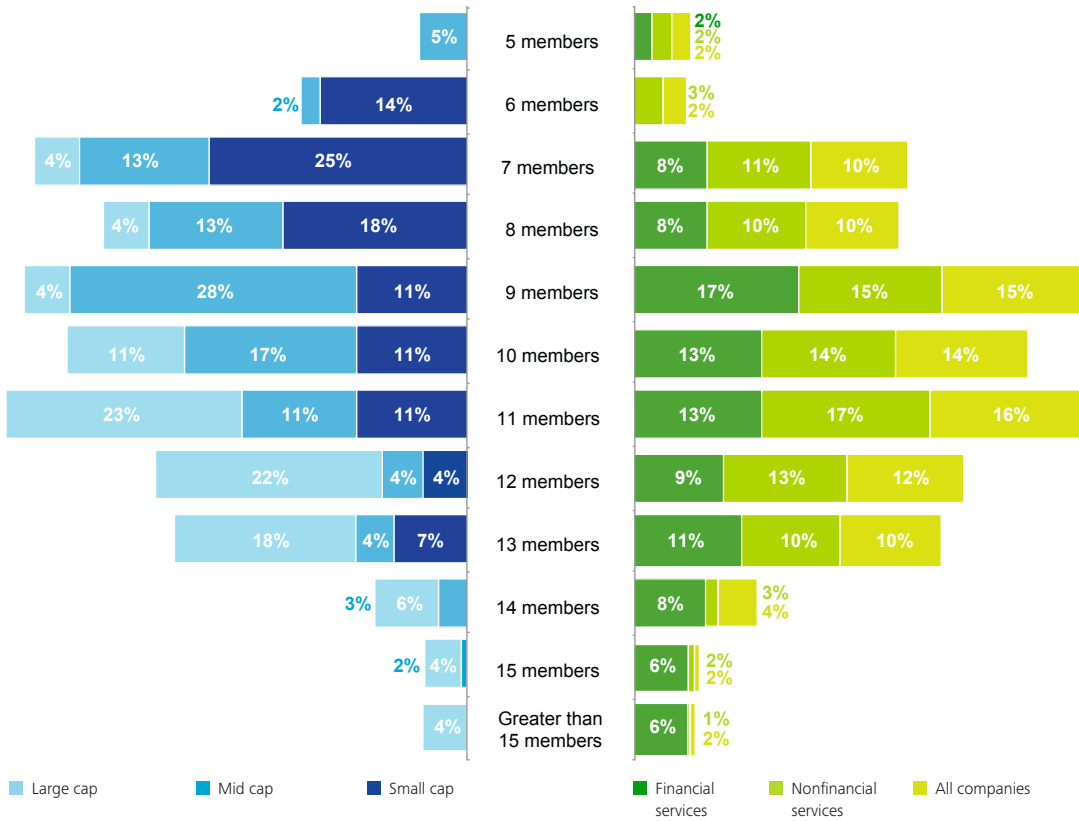
A majority of companies have declassified boards, except at small caps

Across all companies surveyed, there has been no change in board classification; 70 percent have a declassified structure. Any notable changes can be found among the financial services companies, with 75 percent now having a declassified board versus 67 percent in 2012. But this is reversed at small cap companies, where the number of classified boards increased 8 percentage points in 2014. It is possible that this figure represents new public companies that may not yet face the same pressure as larger companies to move to annual director elections. According to a WilmerHale LLP report, there were 178 IPOs in 2013, reflecting a 75 percent increase from the previous year.

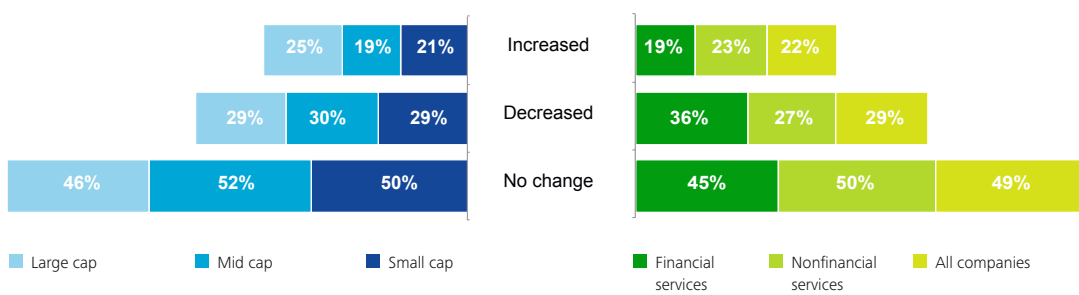
Findings on majority voting vary

Results on majority voting policies present interesting trends. While there is no change among large caps since the 2012 report (86 percent), significantly fewer mid caps implement majority voting for uncontested director elections (49 percent, down from 67 percent in 2012). A similar yet less drastic decline by 12 percentage points is seen among the small caps. As in the case of board classification, a similar conjecture can be made here: companies that recently issued an IPO may not yet have high demand for implementing majority voting.

4. What is your current board size?



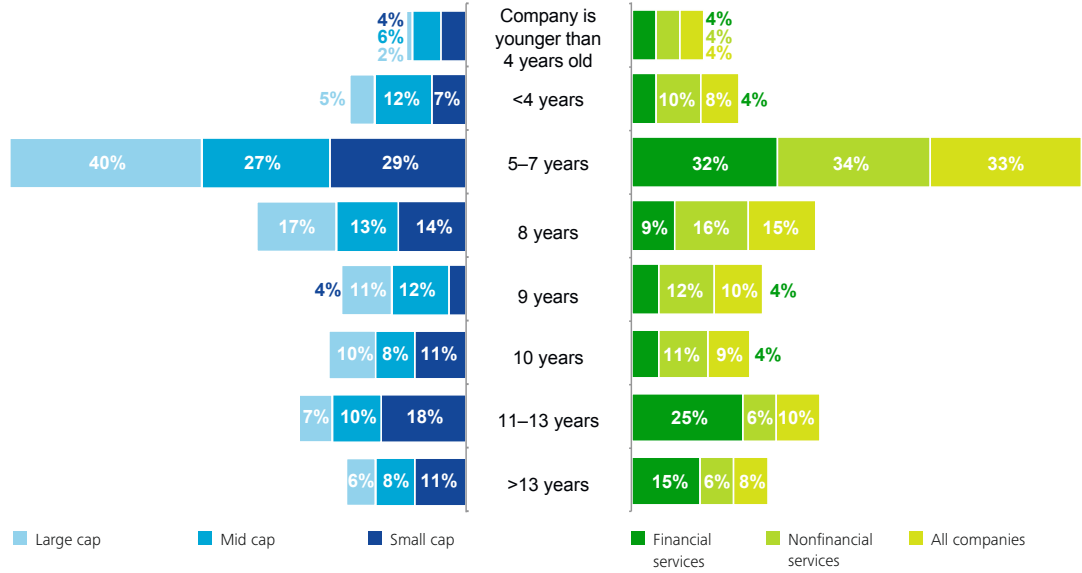
5. How has your board size changed over the past year?



Board selection, recruitment, and composition

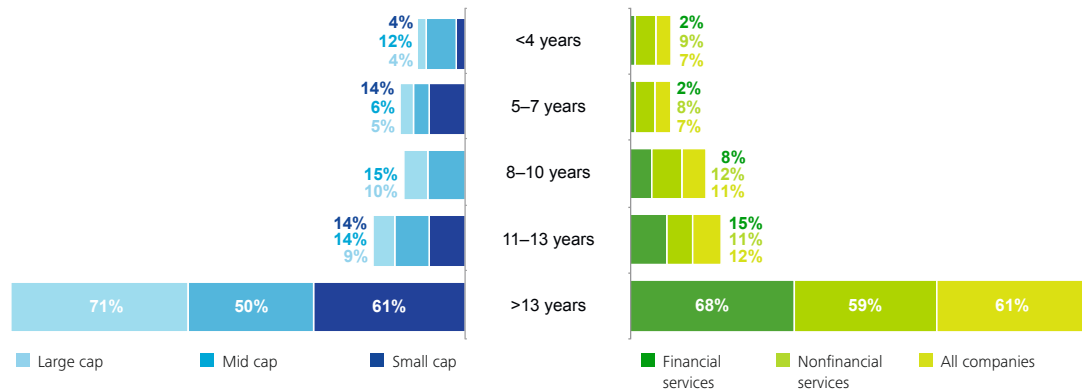
Respondents answering "Don't know/Not applicable" were as follows: 3% large cap, 4% mid cap, 4% small cap, 4% financial services, 3% nonfinancial services, and 3% all companies.

6. What is the average tenure of all non-management members of your board?

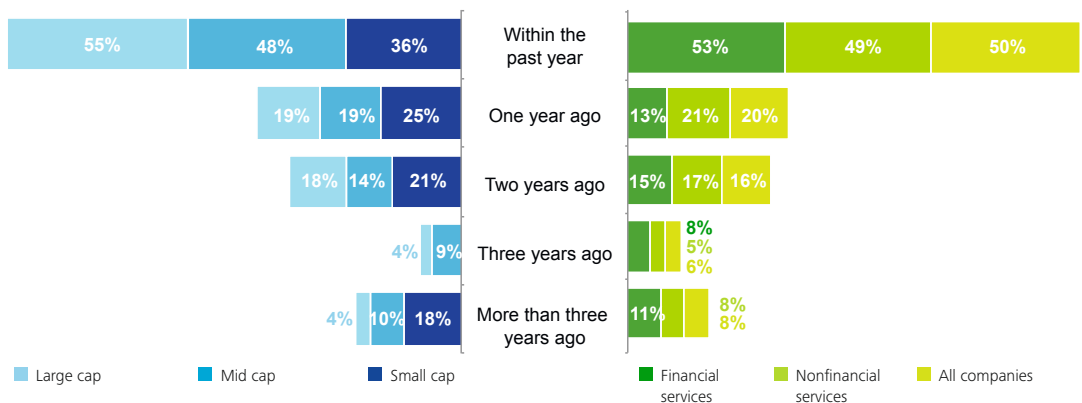


Respondents answering "Don't know/Not applicable" were as follows: 2% large cap, 3% mid cap, 7% small cap, 6% financial services, 2% nonfinancial services, and 3% all companies.

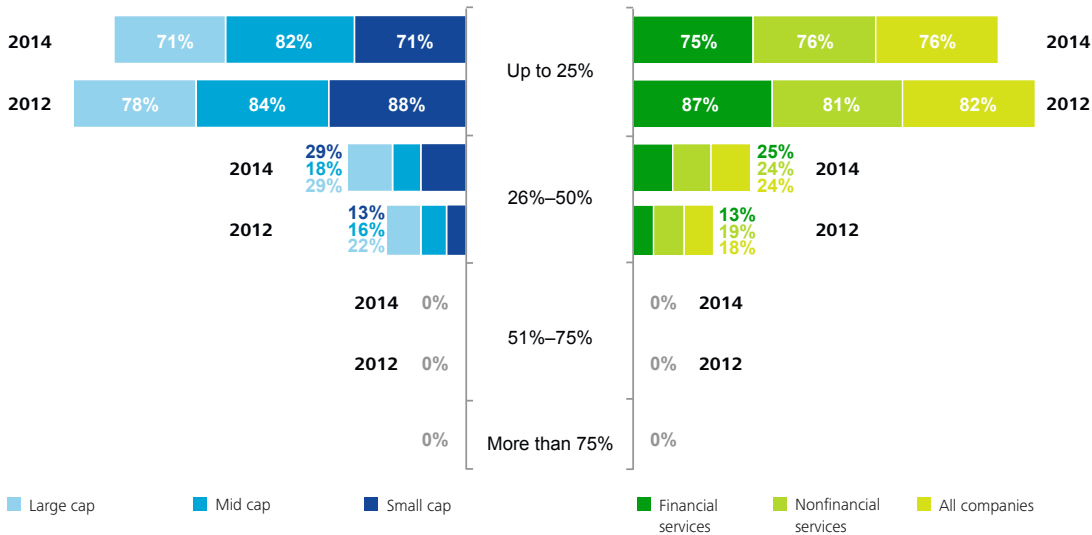
7. How long has your longest non-management director been a member of your board?



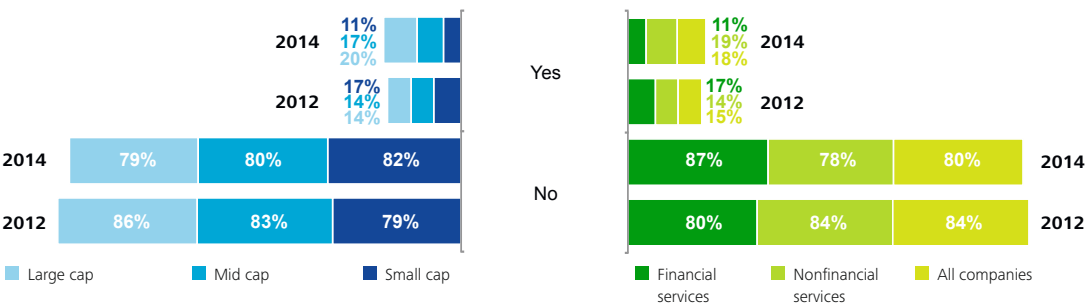
8. When did the most recent director join your board?



9. What percentage of board members are women?



10. Compared to last year, have you had an increase in the number of women directors serving on your board?

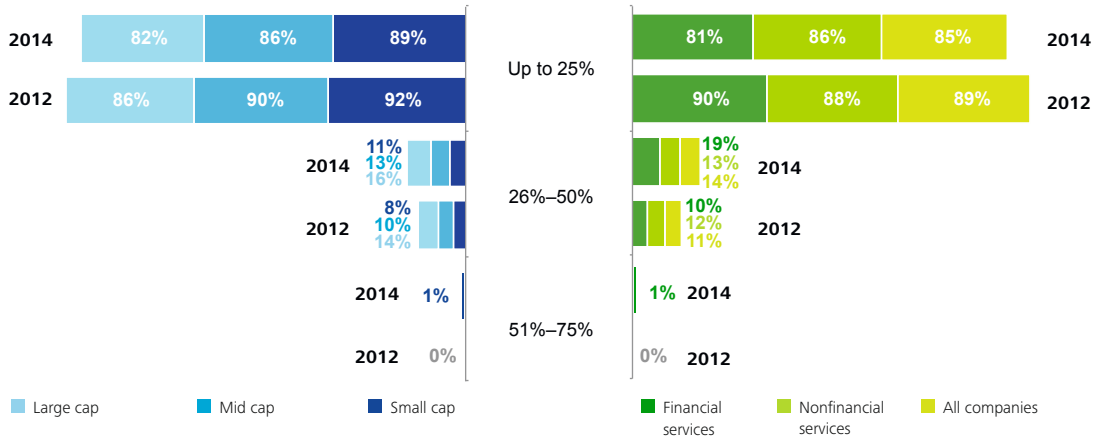


In 2014, respondents answering “Don’t know/Not applicable” were as follows: 1% large cap, 4% mid cap, 7% small cap, 2% financial services, 3% nonfinancial services, and 3% all companies. In 2012, respondents answering “Don’t know/Not applicable” were as follows: 0% large cap, 3% mid cap, 4% small cap, 3% financial services, 2% nonfinancial services, and 2% all companies.

Board selection, recruitment, and composition

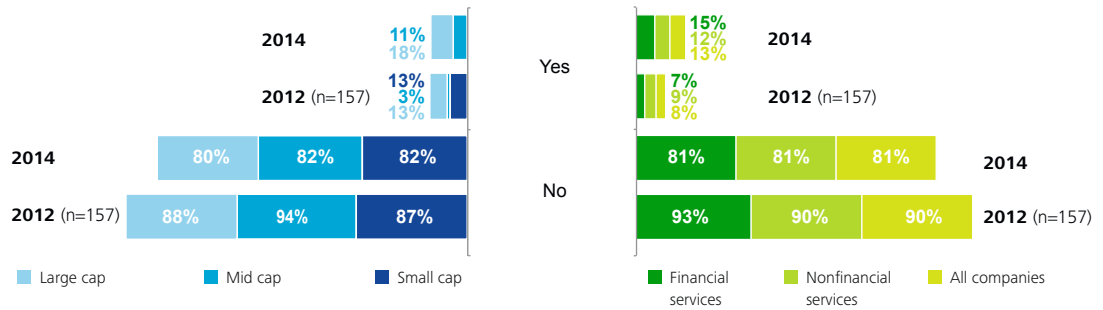
In 2014, respondents answering "Don't know/Not applicable" were as follows: 1% large cap, 1% mid cap, 0% small cap, 0% financial services, 1% nonfinancial services, and 1% all companies. In 2012, no respondents answered "Don't know/Not applicable".

11. What percentage of board members are minorities?

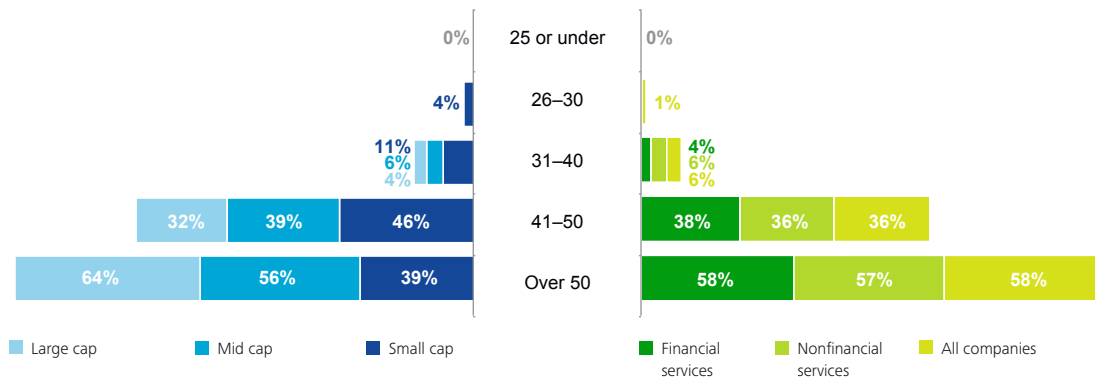


In 2014, respondents answering "Don't know/Not applicable" were as follows: 3% large cap, 6% mid cap, 18% small cap, 4% financial services, 7% nonfinancial services, and 6% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 0% large cap, 3% mid cap, 0% small cap, 0% financial services, 2% nonfinancial services, and 1% all companies.

12. Compared to last year, have you had an increase in the number of minority directors serving on your board?

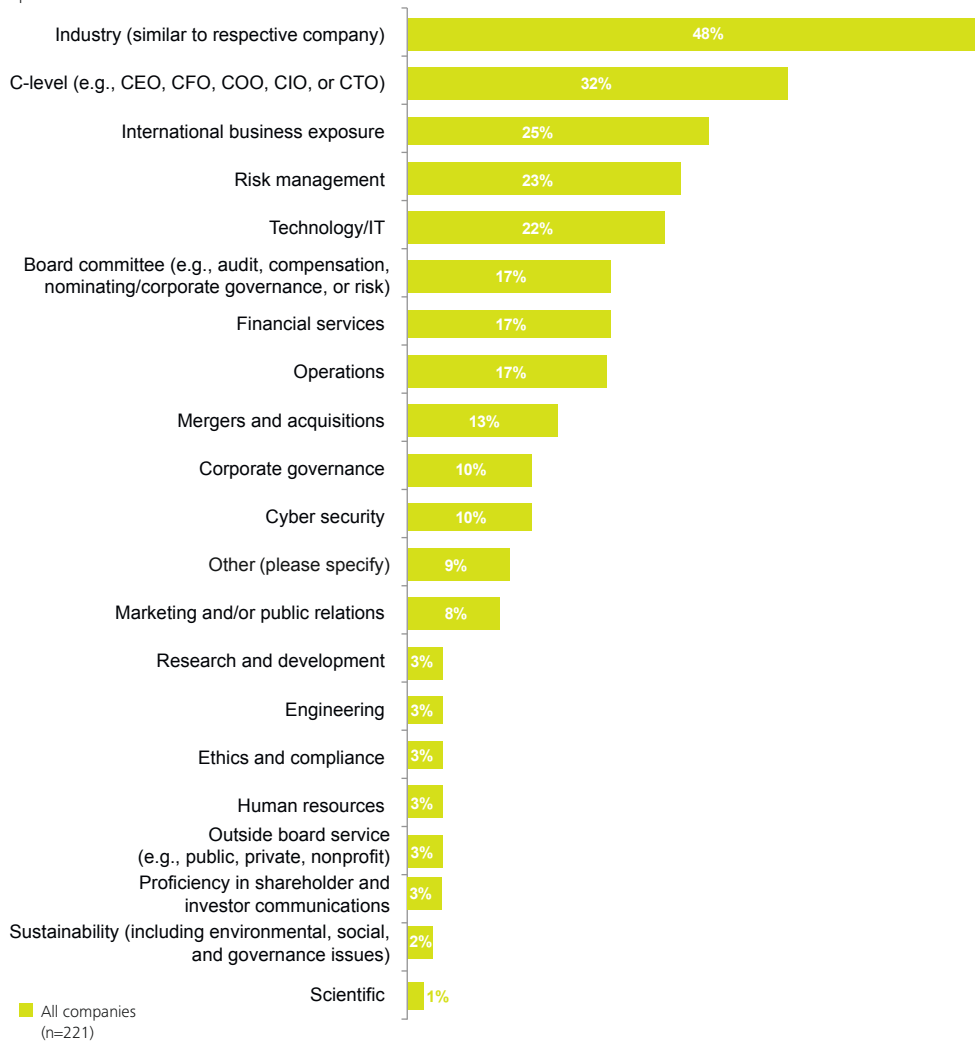


13. What is the age of the youngest director currently serving on your board?



14. What will be the most desired skills and experience needed to contribute to your board's success in the next two years?

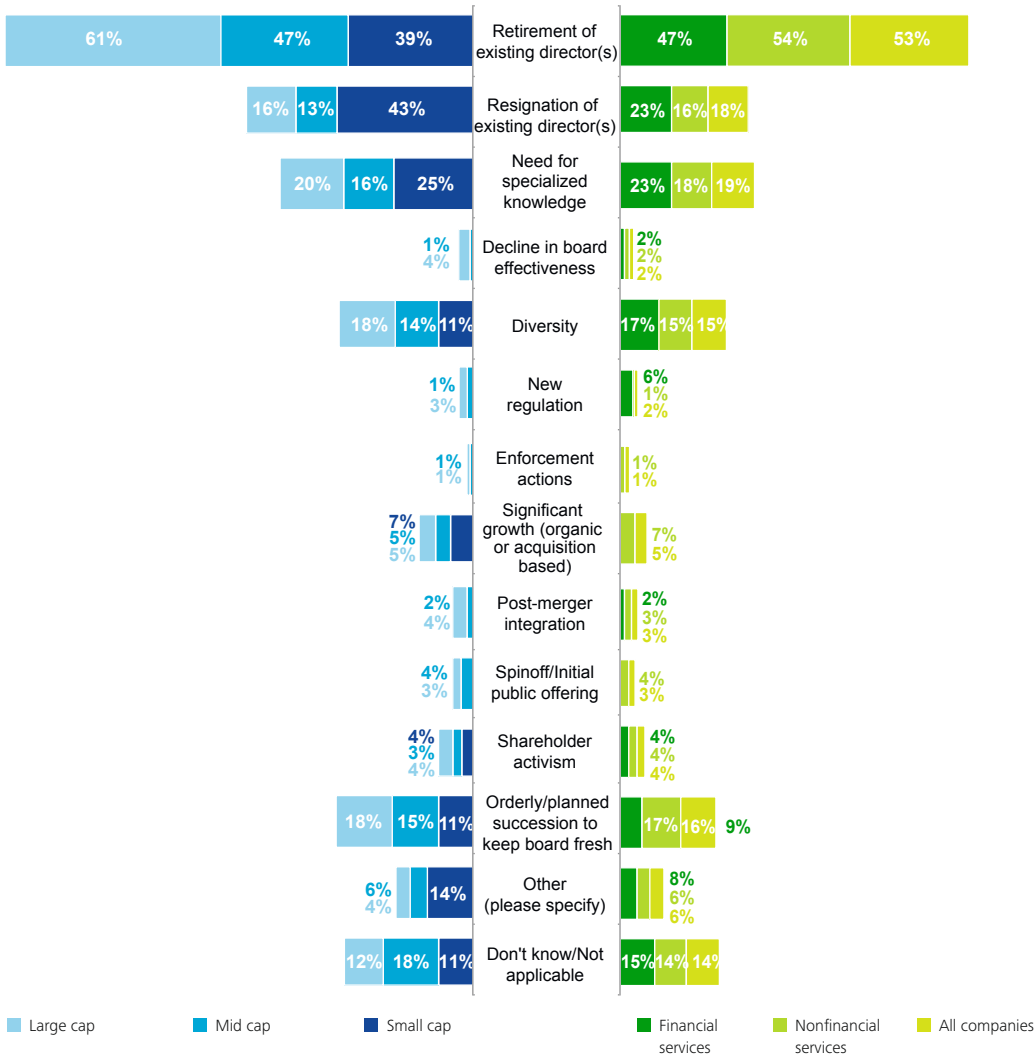
Participants were asked to make three selections.



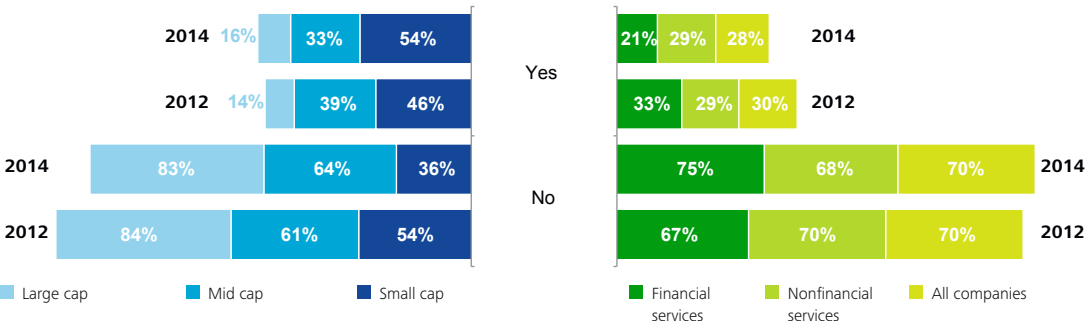
Skills and experience	Small cap (n=25)	Mid cap (n=95)	Large cap (n=101)	Financial services (n=49)	Non-financial services (n=172)	All companies (n=221)
Industry (similar to respective company)	40%	53%	46%	31%	53%	48%
C-level (e.g., CEO, CFO, COO, CIO, or CTO)	28%	26%	39%	22%	35%	32%
International business exposure	4%	26%	30%	4%	31%	25%
Risk management	32%	19%	25%	51%	15%	23%
Technology/IT	4%	21%	27%	29%	20%	22%
Board committee (e.g., audit, compensation, nominating/ corporate governance, or risk)	28%	17%	15%	27%	15%	17%
Financial services	24%	20%	13%	45%	9%	17%
Operations	12%	19%	16%	4%	20%	17%
Mergers and acquisitions	36%	16%	4%	12%	13%	13%
Corporate governance	24%	8%	9%	10%	10%	10%
Cyber security	8%	12%	10%	16%	9%	10%
Other (please specify)	20%	4%	10%	10%	8%	9%
Marketing and/or public relations	0%	12%	6%	6%	8%	8%
Research and development	8%	2%	3%	2%	3%	3%
Engineering	4%	2%	3%	0%	3%	3%
Ethics and compliance	0%	5%	1%	2%	3%	3%
Human resources	12%	1%	2%	6%	2%	3%
Outside board service (e.g., public, private, nonprofit)	4%	2%	3%	2%	3%	3%
Proficiency in shareholder and investor communications	8%	2%	2%	2%	3%	3%
Sustainability (including environmental, social, and governance issues)	0%	3%	2%	2%	2%	2%
Scientific	0%	1%	2%	0%	2%	1%

Question 14 allowed respondents to supply specific skills and experience related to their answer selection. With regard to desired C-suite experience, almost all respondents said CEO and CFO experience was important, and a few noted CIO and COO experience. Other choices were compensation committee experience. For outside board service, all respondents specified public company board experience as a requirement. In the “other” category, responses included social media, digital media, e-commerce, and regulatory experience.

15. What triggers drove any recent, or pending, change in your board composition? (Select all that apply)



16. Is your board classified?

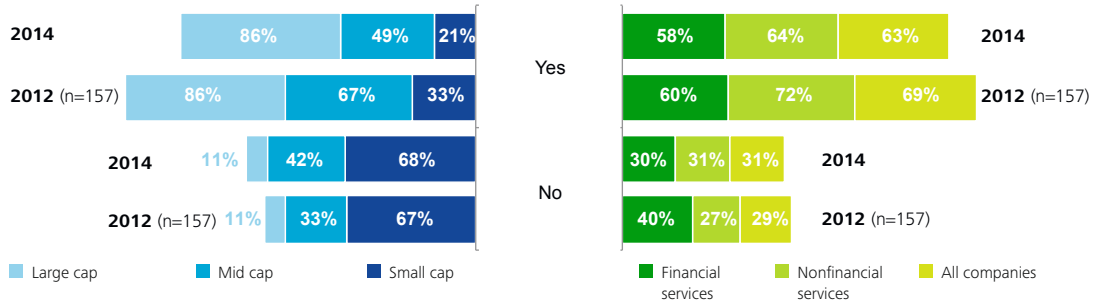


In 2014, respondents answering "Don't know/Not applicable" were as follows: 1% large cap, 3% mid cap, 11% small cap, 4% financial services, 3% nonfinancial services, and 3% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 2% large cap, 0% mid cap, 0% small cap, 0% financial services, 0% nonfinancial services, and 1% all companies.

Board selection, recruitment, and composition

In 2014, respondents answering "Don't know/Not applicable" were as follows: 3% large cap, 9% mid cap, 11% small cap, 11% financial services, 5% nonfinancial services, and 6% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 3% large cap, 0% mid cap, 0% small cap, 0% financial services, 1% nonfinancial services, and 1% all companies.

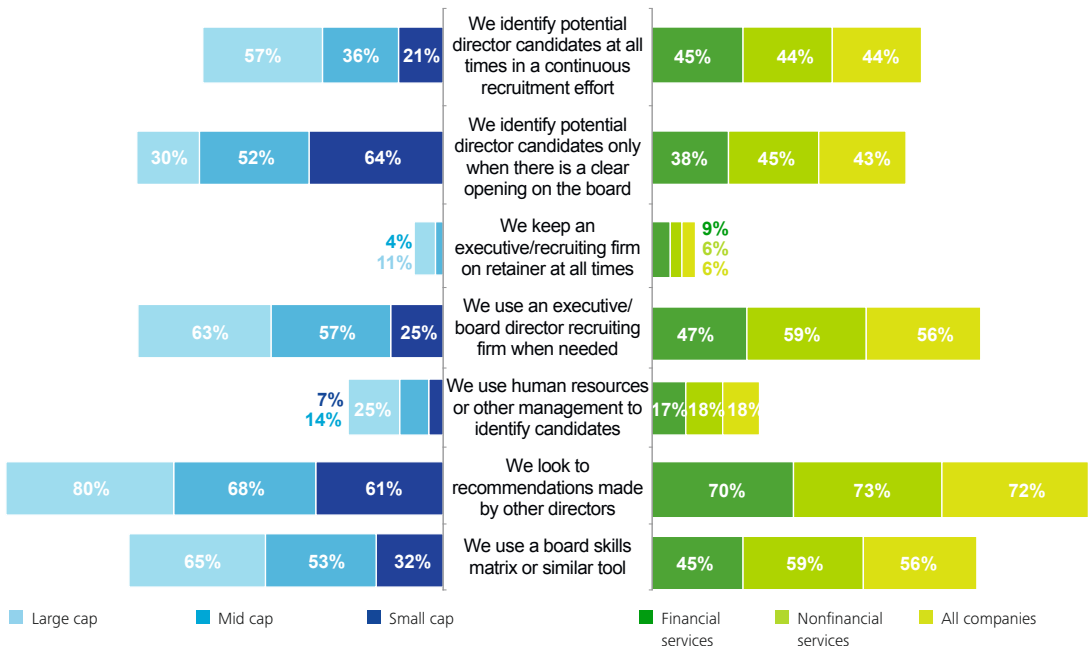
17. For uncontested director elections, has your company implemented majority voting?



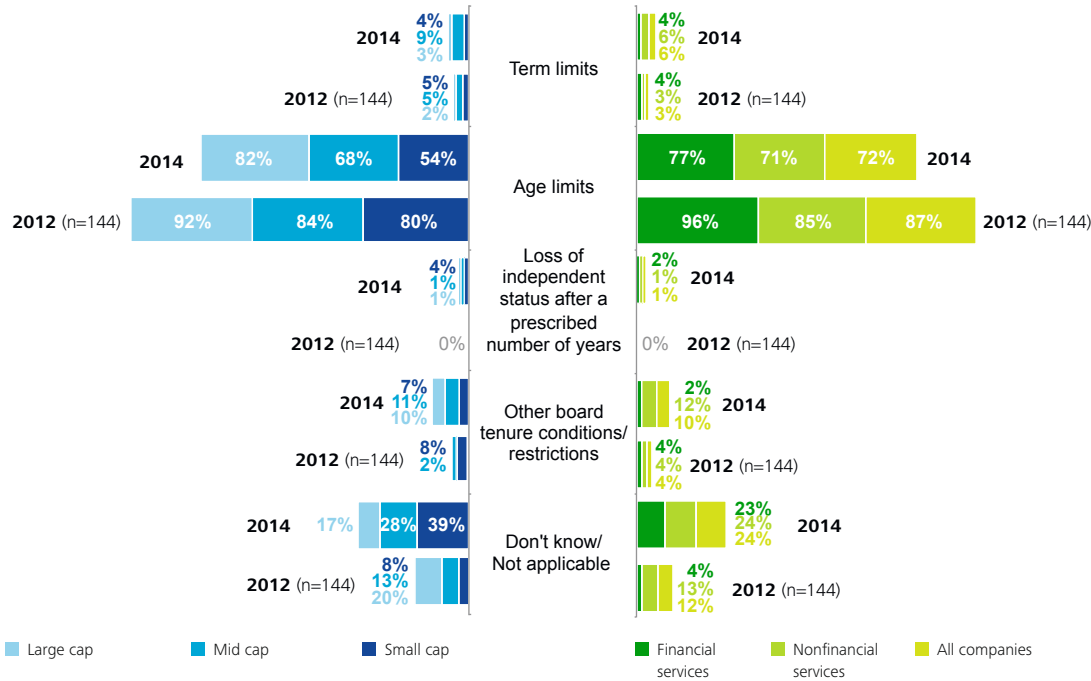
Respondents answering "Other" were as follows: 1% large cap, 0% mid cap, 4% small cap, 0% financial services, 1% nonfinancial services, and 1% all companies.

Respondents answering "Don't know/Not applicable" were as follows: 0% large cap, 4% mid cap, 4% small cap, 2% financial services, 2% nonfinancial services, and 2% all companies.

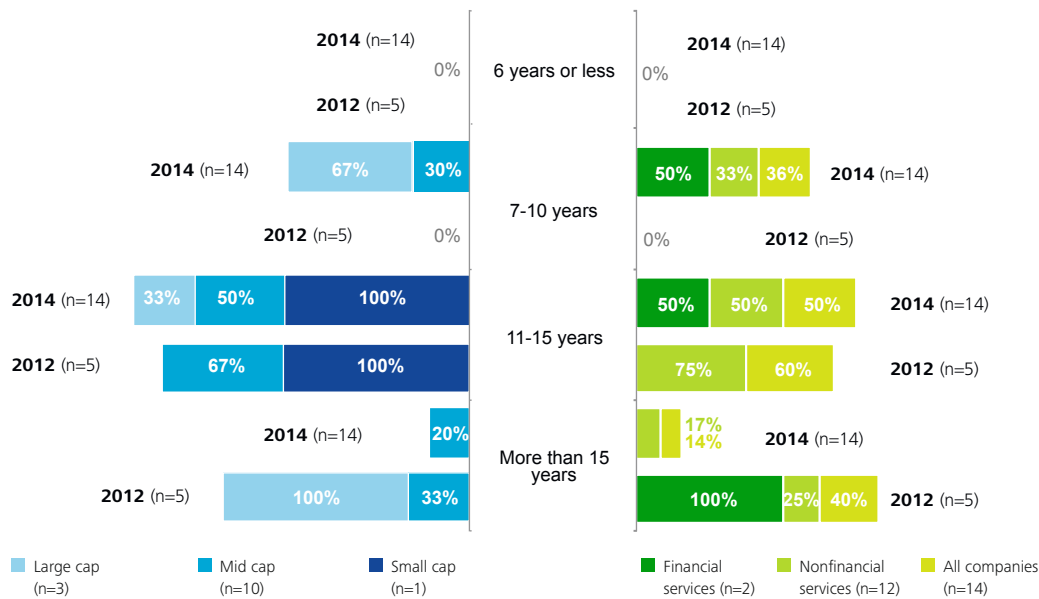
18. Which of the following describes your board's timeline and practices related to director recruitment? (Select all that apply)



19. Does your board have any of the following refreshment policies? (Select all that apply)



19a. Please specify the term:



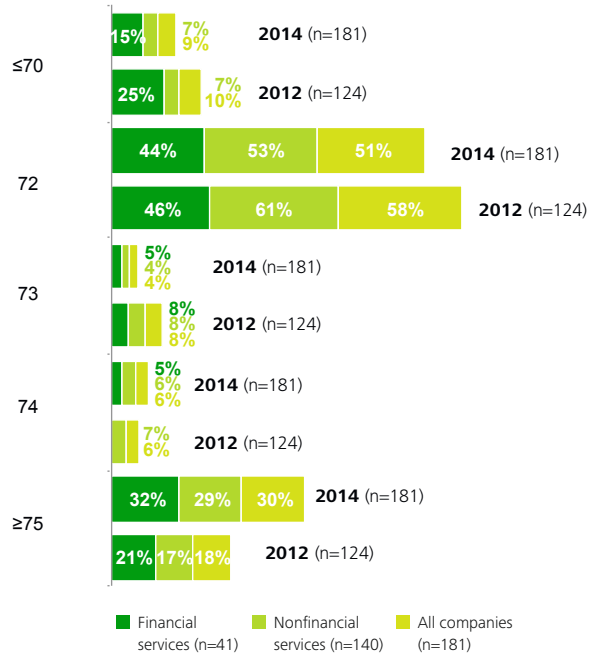
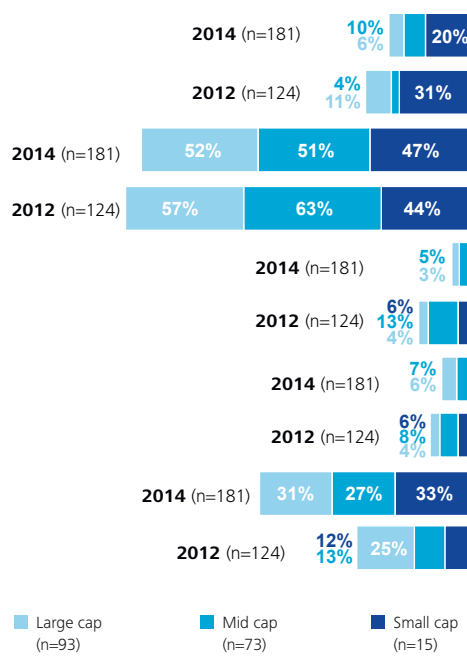
In 2014, less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

Board selection, recruitment, and composition

In 2014, less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

In 2014, respondents answering "71" were as follows: 1% large cap, 0% mid cap, 0% small cap, 0% financial services, 1% nonfinancial services, and 1% all companies. In 2012, no respondents answered "71".

19b. Please specify the required retirement age:



FINDINGS AND TRENDS

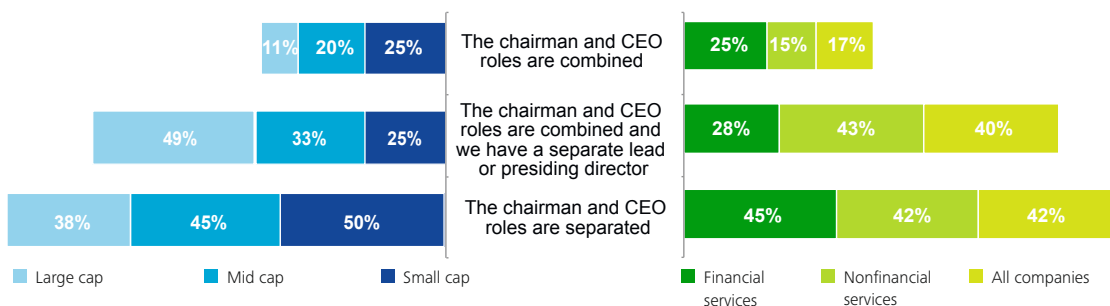
Board leadership

Smaller companies combine chairman and CEO roles

While still an important governance topic, leadership structure remains fluid. When compared to a similar question asked in the 2012 report, there appears to be an increase of small and mid cap companies having a combined leadership structure. Almost half (49 percent) of the large caps have a combined chairman/CEO model with

a lead or presiding director; 38 percent have a separate chairman and CEO; and 11 percent combine the roles without a separate lead or presiding director. Mid caps and small caps have a larger percentage of separate chairman positions (45 percent and 50 percent, respectively). Investors continue to focus on combined models and the robustness of the lead/presiding director role.

20. Which of the following best describes your board leadership structure?



Respondents answering "Other" were as follows: 2% large cap, 1% mid cap, 0% small cap, 2% financial services, 1% nonfinancial services, and 1% all companies.

Board meetings and materials

Most boards hold seven or more board meetings a year

Board meeting frequency has remained relatively constant since the 2012 report. Sixty percent of boards meet seven or more times a year. There were slight decreases in the number of large and mid cap companies meeting 10 or more times a year, which appear to have moved into the range of seven to nine meetings a year. Both financial and nonfinancial services companies show a decrease among those meeting 10 or more times a year. Instead, more of these companies are now meeting seven to nine times a year. The overall decrease in meeting frequency could be a result of boards returning to a sense of normalcy after a tumultuous period during and following the financial crisis.

Most boards are meeting for three to five hours, which is also in line with the 2012 results. The most significant change is among small caps, where more companies (25 percentage point increase) are meeting for three to five hours instead of six to eight hours.

Sixty-nine percent of all companies send board materials six to 10 days in advance of the meeting

Eighty-two percent of large cap respondents (a near 10 percentage point increase) said board meeting information is provided six to 10 days in advance of the board meeting. It was, however, the reverse for other companies. Thirty-

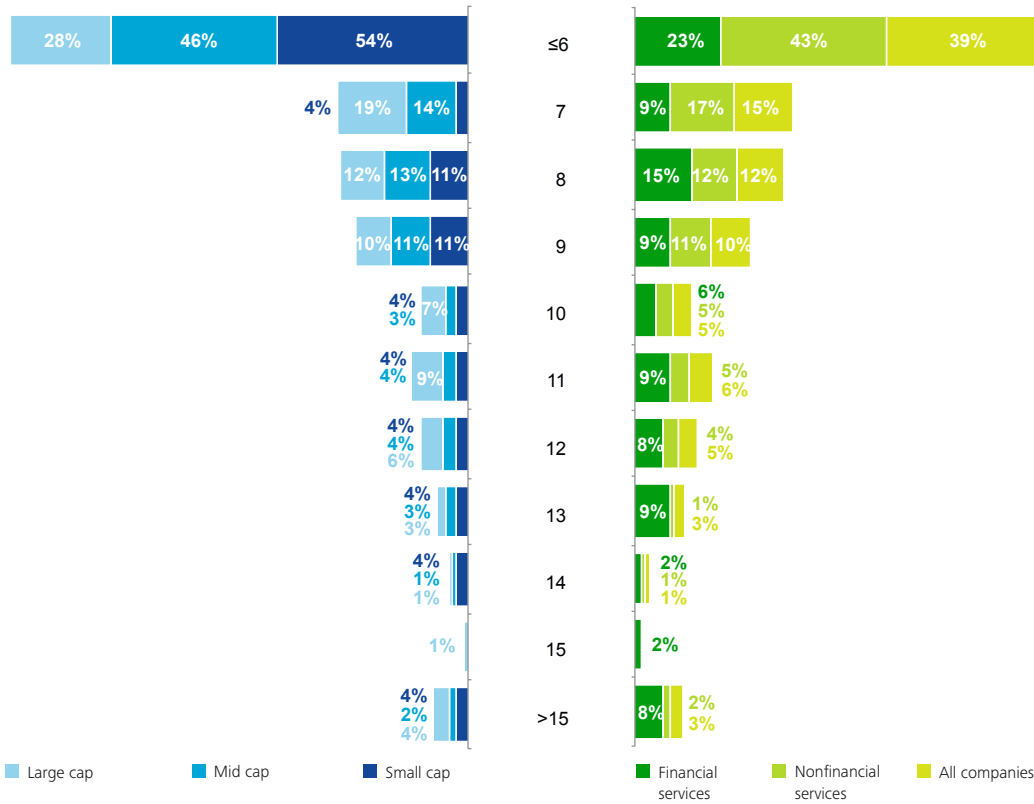
nine percent of small caps (a ten percentage point increase) are sending materials five days in advance of board meetings and 12 percent of mid caps (an 8 percentage point increase) are sending less than five days in advance as compared to 2012.

Use of board portals is now almost ubiquitous. Used by 84 percent of all companies surveyed, they are clearly the primary mechanism for distributing board materials. This represents a 20 percentage point increase at large and mid cap companies when compared to the 2012 report.

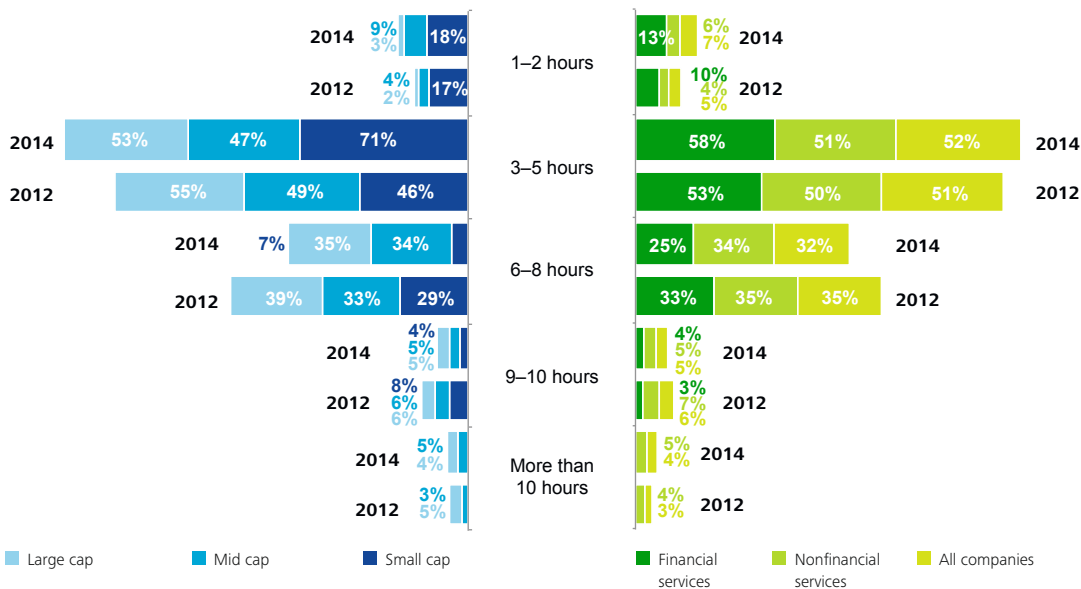
Slight decrease in companies allowing shareholders to call special meetings

Despite the uptick in shareholder proposals, there has been a slight decrease since the 2012 report of large and small cap companies allowing shareholders to call special meetings. Of all companies surveyed, 46 percent permit special meetings by shareholders (but with a minimum ownership threshold) and 39 percent do not permit them at all. Those with a threshold typically chose “10 percent or less,” or “25 percent.” In the financial services industry, there was a 6 percent increase (up from zero) in the number of companies permitting shareholders to call special meetings without any restriction; there was virtually no change among the nonfinancial services companies, which are split on permitting this shareholder right.

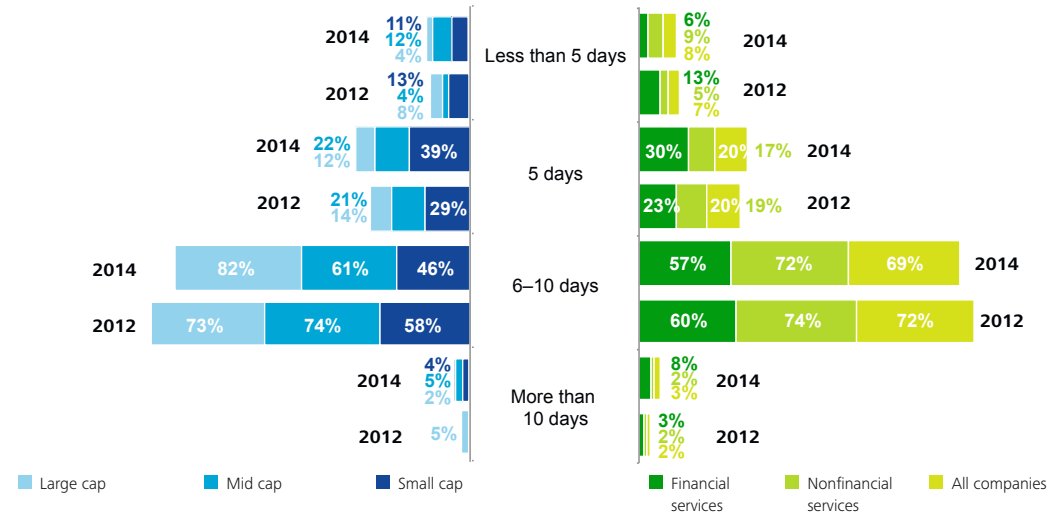
21. How many times did the board meet, including special meetings, (whether live or via teleconference/videoconference) in the past full fiscal year?



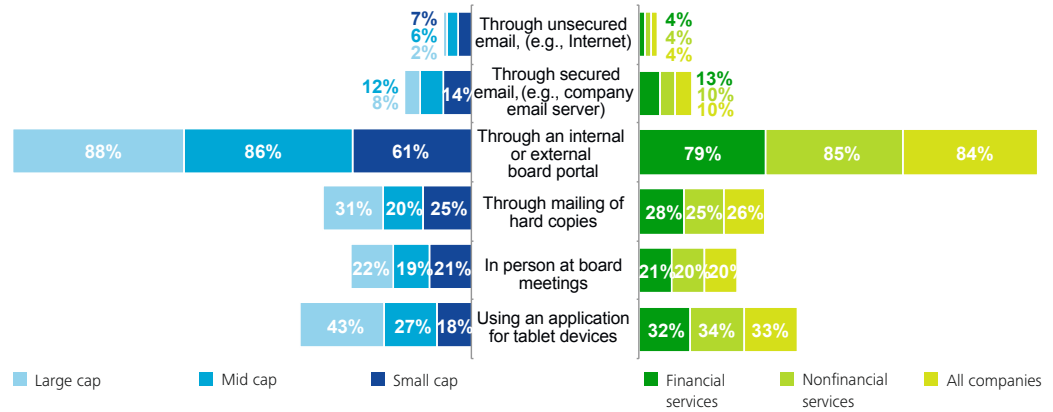
22. How many hours does a typical meeting of the full board last? (Do not count time spent on committee meetings)



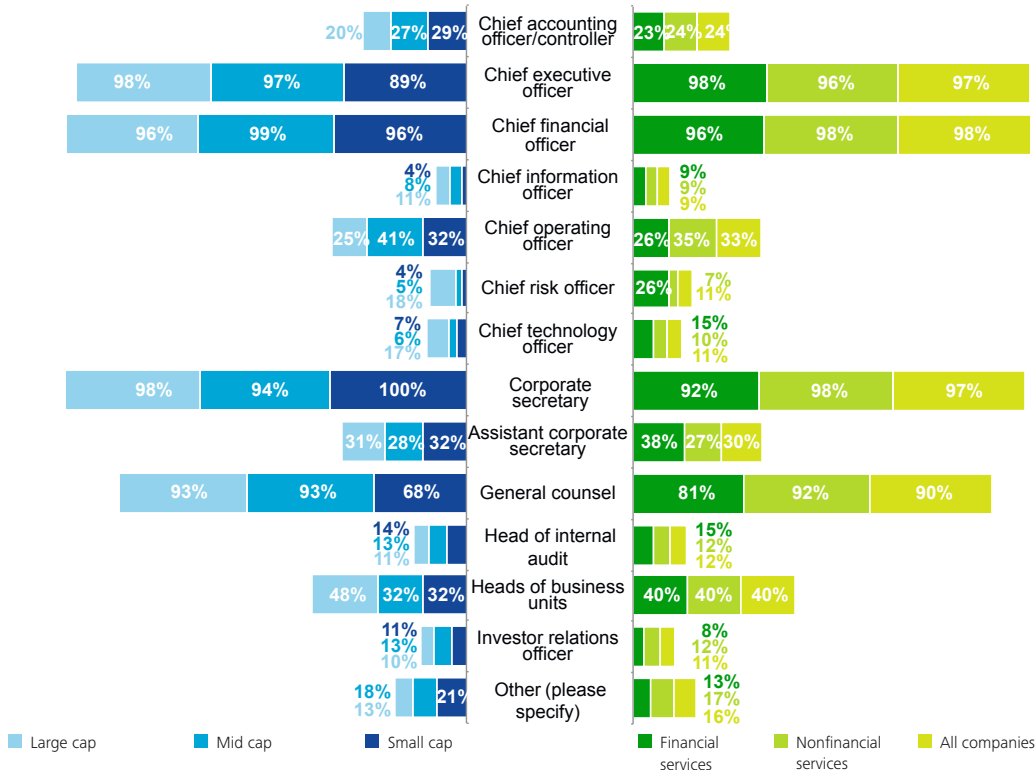
23. How many days in advance are board meeting materials provided to board members?



24. Please specify how your company distributes board materials. (Select all that apply)

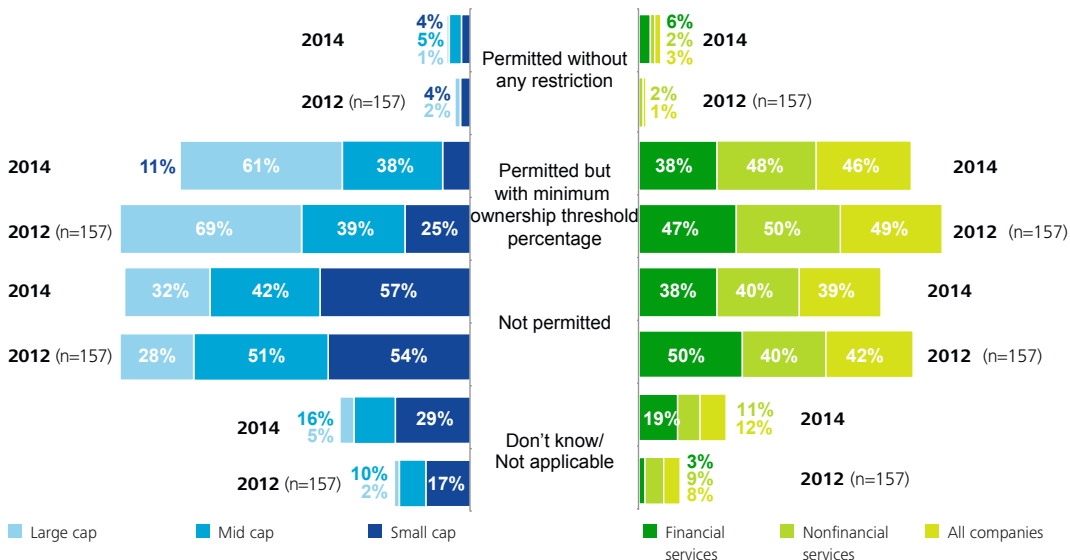


25. The following members of management regularly attend board meetings: (Select all that apply)



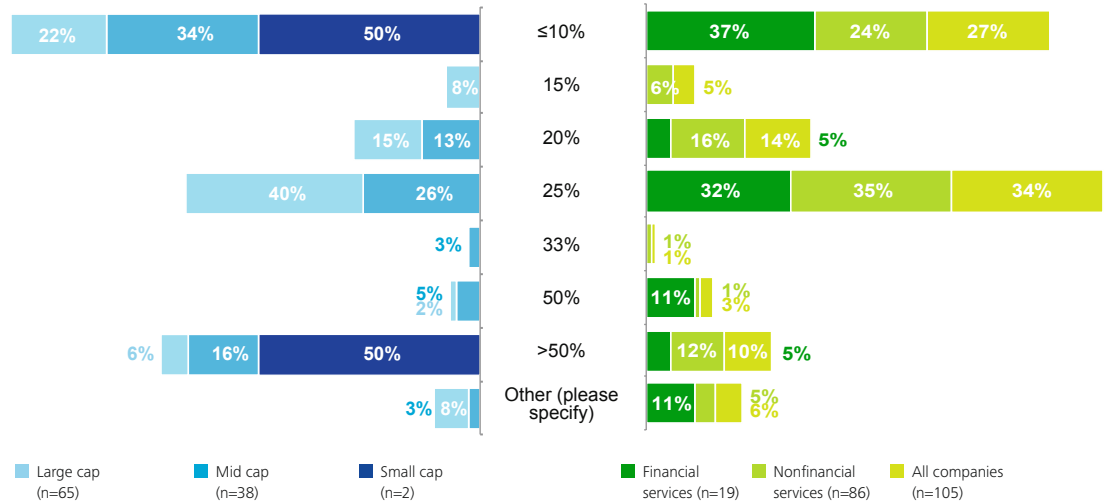
A number of respondents supplied an answer of "other (please specify)." Some of the most common responses were all senior vice presidents, the chief human relations officer, and the chief administrative officer.

26. Does your company permit shareholders to call special shareholder meetings?



Less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

26a. Specify the threshold percentage:



Trends in minimum ownership threshold required to call special shareholder meetings

Ownership threshold	Large cap			Mid cap			Small cap			Financial services			Nonfinancial services			All companies		
	2014	2012	2011	2014	2012	2011	2014	2012	2011	2014	2012	2011	2014	2012	2011	2014	2012	2011
≤10%	22%	16%	18%	34%	16%	23%	50%	33%	50%	37%	14%	17%	24%	18%	25%	27%	17%	22%
15%	8%	9%	3%	0%	0%	0%	0%	17%	0%	0%	7%	0%	6%	7%	2%	5%	7%	1%
20%	15%	5%	12%	13%	0%	15%	0%	0%	0%	5%	0%	17%	16%	3%	11%	14%	3%	11%
25%	40%	59%	55%	26%	16%	23%	0%	33%	17%	32%	57%	50%	35%	39%	34%	34%	43%	39%
33%	0%	0%	0%	3%	4%	4%	0%	0%	0%	0%	0%	0%	1%	2%	2%	1%	1%	2%
50%	2%	5%	6%	5%	28%	12%	0%	0%	0%	11%	7%	0%	1%	13%	11%	3%	12%	7%
>50%	6%	2%	0%	16%	32%	19%	50%	17%	33%	5%	14%	17%	12%	13%	9%	10%	13%	11%
Other	8%	5%	6%	3%	4%	4%	0%	0%	0%	11%	0%	0%	5%	5%	6%	6%	4%	6%

Source: Board practices reports issued in 2011, 2012, and 2014 by the Society of Corporate Secretaries and Governance Professionals and Deloitte LLP.

Board committee structures and roles

More risk committees at financial services companies

A board-level risk committee, often tasked with overseeing the risk management infrastructure and risk exposure, assisting with risk appetite and tolerance, and advising

In determining whether to form a risk committee, boards may consider questions like: Which risks will the risk committee oversee and which will be left to other board committees? Which board members have the experience to be on the risk committee, and how can the company attract and cultivate appropriate risk committee members? How will the board keep abreast of changes in regulations and in risk governance and management practices?

Source: *Risk Intelligent Governance: Lessons from state-of-the-art board practices*, Deloitte

the board on risk strategy, may not be needed at all companies. In comparison to the 2012 report, there was an 11 percentage point increase in the number of companies having standing risk committees, up to 20 percent, and most were financial services companies (where those with such a committee increased by about 30 percentage points). This could be attributable to Dodd-Frank Act mandates applicable to certain large banking organizations. Mid cap, small cap, and nonfinancial services companies also experienced increases in standing risk committees, at 4, 8, and 4 percentage points, respectively, up to 11 percent, 13 percent, and 8 percent. Among all respondents, there has been an increase in those meeting 10 or more times a year, from 0 percent in 2012 to 18 percent in 2014.

Almost one-half of all companies have a standing finance committee, and it appears to be most common among large caps (60 percent) and nonfinancial services companies (52 percent). Only 4 percent of companies have a standing cyber security and IT committee, but it will be interesting to see whether this changes in coming years as boards increase their oversight of this area.

Committee chairman rotation remains uncommon

Similar to the 2012 results, the majority of respondents continue to indicate that their boards do not have rotation policies for their committee chairmen (79 percent) or committee members (88 percent). For the few that have a policy in place, there is very little disparity in whether the policy calls for rotation annually, every two years, or every three years. A few said rotation policies are reviewed annually or periodically.

Board committee structures and roles

27. Please complete the following table with regard to the specific committee practices of your board.

The tables below present complete results for the large, mid, and small cap companies. For the financial and nonfinancial services companies, results pertaining to the risk committee are provided. Please refer to Appendix B for complete results for this question.

Large cap	Standing committee		Number of members			Meeting frequency (number of meetings annually)				Average length of meetings (hours)		
	Yes	No	1-4	5-9	≥10	1-3	4-6	7-9	≥10	<2	2-3	>3
Audit	69 100%	0 0%	32 46%	37 54%	0 0%	0 0%	16 23%	32 46%	21 30%	26 38%	38 55%	5 7%
Compensation	113 99%	1 1%	55 49%	57 50%	1 1%	4 4%	74 67%	26 23%	7 6%	42 38%	63 57%	6 5%
Nom/Corp Gov	112 98%	2 2%	56 50%	54 48%	2 2%	13 12%	85 77%	12 11%	0 0%	81 74%	29 26%	0 0%
Executive	42 45%	52 55%	16 36%	27 61%	1 2%	26 81%	3 9%	0 0%	3 9%	26 84%	5 16%	0 0%
Risk	24 28%	62 72%	10 42%	12 50%	2 8%	2 9%	11 48%	6 26%	4 17%	6 26%	11 48%	6 26%
Finance	56 60%	38 40%	24 43%	31 55%	1 2%	10 19%	29 54%	11 20%	4 7%	30 56%	22 41%	2 4%
Investment	12 15%	69 85%	4 33%	7 58%	1 8%	4 36%	7 64%	0 0%	0 0%	4 40%	6 60%	0 0%
Strategy	3 4%	73 96%	0 0%	1 50%	1 50%	0 0%	2 100%	0 0%	0 0%	0 0%	1 100%	0 0%
Regulatory and Compliance	10 13%	67 87%	5 56%	4 44%	0 0%	0 0%	8 89%	1 11%	0 0%	2 22%	6 67%	1 11%
Public Policy	15 20%	61 80%	8 53%	7 47%	0 0%	5 33%	10 67%	0 0%	0 0%	13 87%	2 13%	0 0%
Cyber security and IT	4 5%	72 95%	3 75%	1 25%	0 0%	0 0%	4 100%	0 0%	0 0%	1 25%	3 75%	0 0%
Sustainability	8 11%	68 89%	3 38%	5 63%	0 0%	3 38%	5 63%	0 0%	0 0%	4 50%	4 50%	0 0%
Science and Technology	16 20%	64 80%	6 43%	7 50%	1 7%	8 57%	6 43%	0 0%	0 0%	4 29%	6 43%	4 29%
Safety	11 14%	65 86%	3 25%	9 75%	0 0%	3 25%	8 67%	1 8%	0 0%	4 40%	6 60%	0 0%

Mid cap	Standing committee		Number of members			Meeting frequency (number of meetings annually)				Average length of meetings (hours)		
	Yes	No	1-4	5-9	≥10	1-3	4-6	7-9	≥10	<2	2-3	>3
Audit	71	1	48	23	0	0	35	30	6	23	46	2
	99%	1%	68%	32%	0%	0%	49%	42%	8%	32%	65%	3%
Compensation	107	1	81	26	0	14	76	16	0	61	40	4
	99%	1%	76%	24%	0%	13%	72%	15%	0%	58%	38%	4%
Nom/Corp Gov	104	2	79	25	0	30	68	4	1	84	17	0
	98%	2%	76%	24%	0%	29%	66%	4%	1%	83%	17%	0%
Executive	35	46	23	12	1	20	1	1	1	23	0	1
	43%	57%	64%	33%	3%	87%	4%	4%	4%	96%	0%	4%
Risk	8	62	7	1	0	2	4	0	2	3	5	0
	11%	89%	88%	13%	0%	25%	50%	0%	25%	38%	63%	0%
Finance	33	52	24	10	0	11	17	4	2	20	10	4
	39%	61%	71%	29%	0%	32%	50%	12%	6%	59%	29%	12%
Investment	9	59	3	4	1	1	4	1	1	6	0	1
	13%	87%	38%	50%	13%	14%	57%	14%	14%	86%	0%	14%
Strategy	3	64	1	2	0	1	2	0	0	1	0	2
	4%	96%	33%	67%	0%	33%	67%	0%	0%	33%	0%	67%
Regulatory and Compliance	3	63	2	1	0	1	0	1	1	3	0	0
	5%	95%	67%	33%	0%	33%	0%	33%	33%	100%	0%	0%
Public Policy	0	66	0	0	0	0	0	0	0	0	0	0
	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cyber security and IT	2	64	0	1	0	0	1	0	0	0	0	1
	3%	97%	0%	100%	0%	0%	100%	0%	0%	0%	0%	100%
Sustainability	4	63	1	1	0	1	1	0	0	2	0	0
	6%	94%	50%	50%	0%	50%	50%	0%	0%	100%	0%	0%
Science and Technology	5	63	3	2	0	1	4	0	0	3	1	1
	7%	93%	60%	40%	0%	20%	80%	0%	0%	60%	20%	20%
Safety	6	64	4	2	0	3	2	1	0	4	2	0
	9%	91%	67%	33%	0%	50%	33%	17%	0%	67%	33%	0%

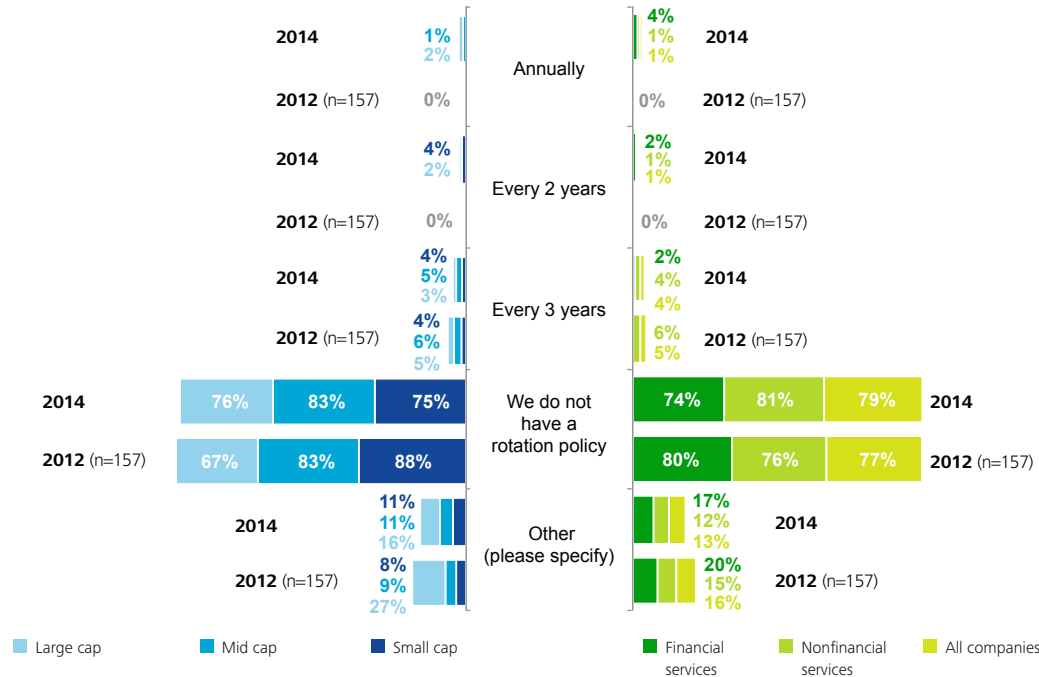
Board committee structures and roles

Small cap	Standing committee		Number of members			Meeting frequency (number of meetings annually)				Average length of meetings (hours)		
	Yes	No	1-4	5-9	≥10	1-3	4-6	7-9	≥10	<2	2-3	>3
Audit	18	1	12	7	0	2	11	6	0	11	8	0
	95%	5%	58%	42%	0%	1%	39%	43%	17%	58%	42%	0%
Compensation	25	1	17	9	0	4	18	3	1	19	7	0
	96%	4%	65%	35%	0%	15%	69%	12%	4%	73%	27%	0%
Nom/Corp Gov	25	1	20	6	0	15	10	1	0	24	2	0
	96%	4%	77%	23%	0%	58%	38%	4%	0%	92%	8%	0%
Executive	11	11	7	5	0	8	2	0	2	11	1	0
	50%	50%	58%	42%	0%	67%	17%	0%	17%	92%	8%	0%
Risk	2	14	1	1	0	0	2	0	0	2	0	0
	13%	88%	50%	50%	0%	0%	100%	0%	0%	100%	0%	0%
Finance	5	13	3	2	0	1	2	1	1	3	2	0
	28%	72%	60%	40%	0%	20%	40%	20%	20%	60%	40%	0%
Investment	4	14	0	4	1	0	4	0	0	3	1	0
	22%	78%	0%	80%	20%	0%	100%	0%	0%	75%	25%	0%
Strategy	3	14	0	2	1	2	1	0	0	2	1	0
	18%	82%	0%	67%	33%	67%	33%	0%	0%	67%	33%	0%
Regulatory and Compliance	3	13	2	1	0	1	2	0	0	3	0	0
	19%	81%	67%	33%	0%	33%	67%	0%	0%	100%	0%	0%
Public Policy	0	16	0	1	0	0	0	0	0	0	0	0
	0%	100%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Cyber security and IT	1	15	1	1	0	0	1	0	0	1	0	0
	6%	94%	50%	50%	0%	0%	100%	0%	0%	100%	0%	0%
Sustainability	0	16	0	1	0	0	0	0	0	0	0	0
	0%	100%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Science and Technology	1	16	1	1	0	0	0	1	0	1	0	0
	6%	94%	50%	50%	0%	0%	0%	100%	0%	100%	0%	0%
Safety	1	15	0	1	0	0	1	0	0	1	0	0
	6%	94%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%

Financial services	Standing committee		Number of members			Meeting frequency (number of meetings annually)				Average length of meetings (hours)		
	Yes	No	1-4	5-9	≥10	1-3	4-6	7-9	≥10	<2	2-3	>3
Risk	24	17	12	10	2	0	13	5	5	8	9	6
	59%	41%	50%	42%	8%	0%	57%	22%	22%	35%	39%	26%

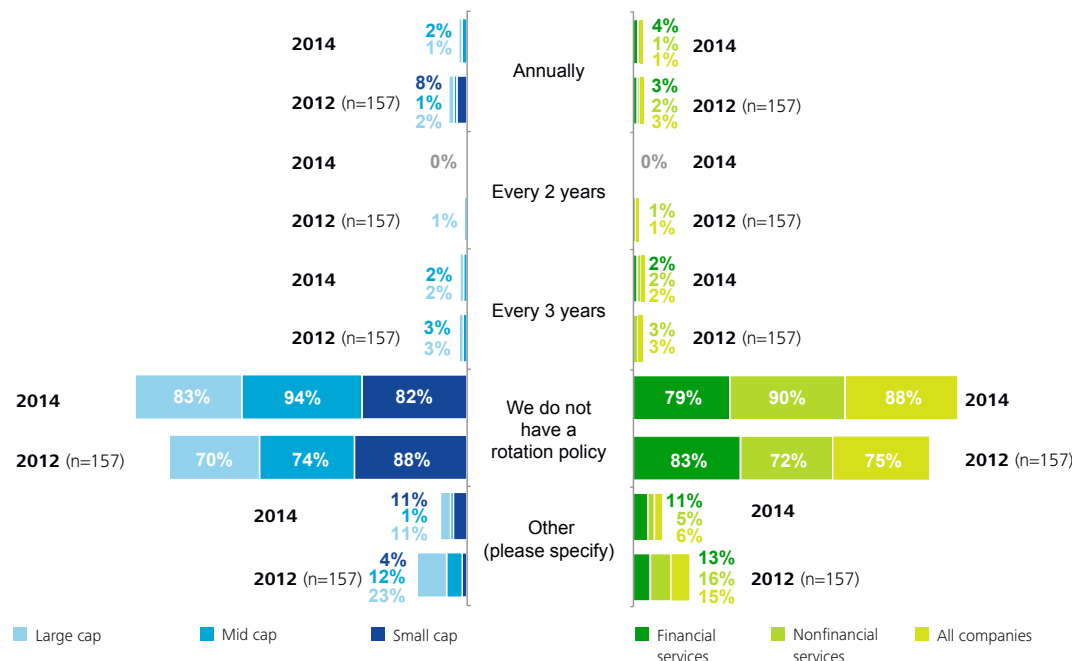
Nonfinancial services	Standing committee		Number of members			Meeting frequency (number of meetings annually)				Average length of meetings (hours)		
	Yes	No	1-4	5-9	≥10	1-3	4-6	7-9	≥10	<2	2-3	>3
Risk	10	121	6	4	0	4	4	1	1	3	7	0
	8%	92%	60%	40%	0%	40%	40%	10%	10%	30%	70%	0%

28. Provide the frequency with which committee chair rotation takes place:



In 2014, respondents answering "Don't know/Not applicable" were as follows: 2% large cap, 0% mid cap, 7% small cap, 2% financial services, 2% nonfinancial services, and 2% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 2% large cap, 3% mid cap, 0% small cap, 0% financial services, 2% nonfinancial services, and 2% all companies.

29. Provide the frequency with which committee membership rotation takes place:



In 2014, respondents answering "Don't know/Not applicable" were as follows: 4% large cap, 2% mid cap, 7% small cap, 4% financial services, 3% nonfinancial services, and 3% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 2% large cap, 9% mid cap, 0% small cap, 0% financial services, 6% nonfinancial services, and 4% all companies.

Board orientation and training

More boards receive education on a variety of topics

Survey results show that the majority of boards surveyed are receiving training on a number of different topics, ranging from market risk to ethics and regulatory issues. In 2014, the most common topics for training were reported to be company policies, board fiduciary duties, insider trading, and industry-specific topics, which is not surprising given the increased SEC enforcement focus.

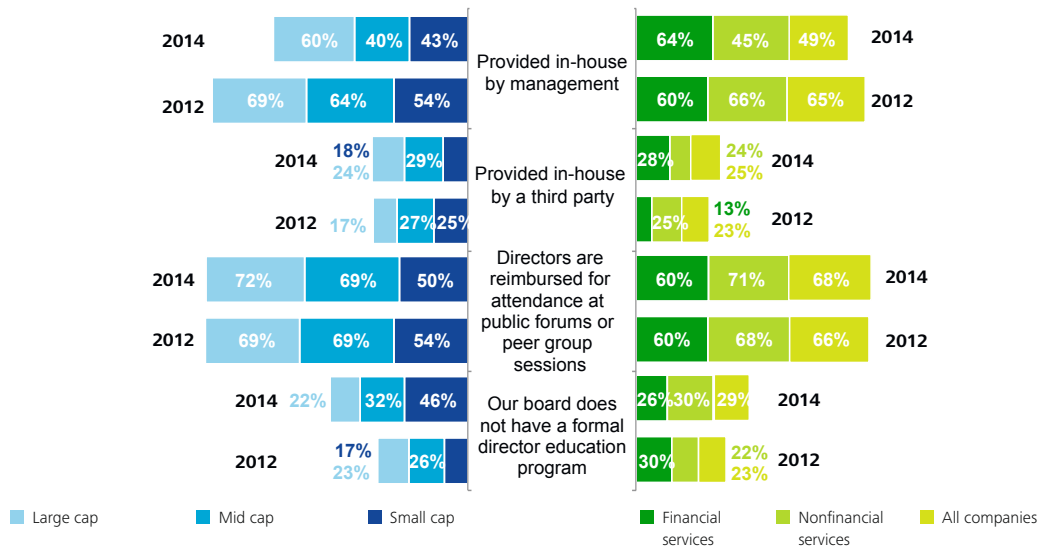
Specific to large cap board education topics, 48 percent (a 10 percentage point increase) say they are receiving training on financial liquidity and risk and 67 percent (a near 20 percentage point increase) on regulatory issues

related to the business. This latter trend is the same for mid caps, which have also had notable increases in board education on financial liquidity and risk and on ethics, at 12 and 17 percent point increases, respectively (to 42 percent and 56 percent). A 16 percentage point increase of small caps (46 percent) say they receive board education on ethics, a 9 percentage point increase (18 percent) say they receive education on market risk, but there is a 16 percentage point decrease (32 percent) of those that have training on risk oversight.

In 2014, respondents answering "Other" were as follows: 3% large cap, 2% mid cap, 4% small cap, 0% financial services, 3% nonfinancial services, and 2% all companies. In 2012, respondents answering "Other" were as follows: 3% large cap, 0% mid cap, 0% small cap, 0% financial services, 3% nonfinancial services, and 1% all companies.

In 2014, respondents answering "Don't know/Not applicable" were as follows: 1% large cap, 1% mid cap, 4% small cap, 4% financial services, 1% nonfinancial services, and 1% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 0% large cap, 3% mid cap, 8% small cap, 0% financial services, 3% nonfinancial services, and 3% all companies.

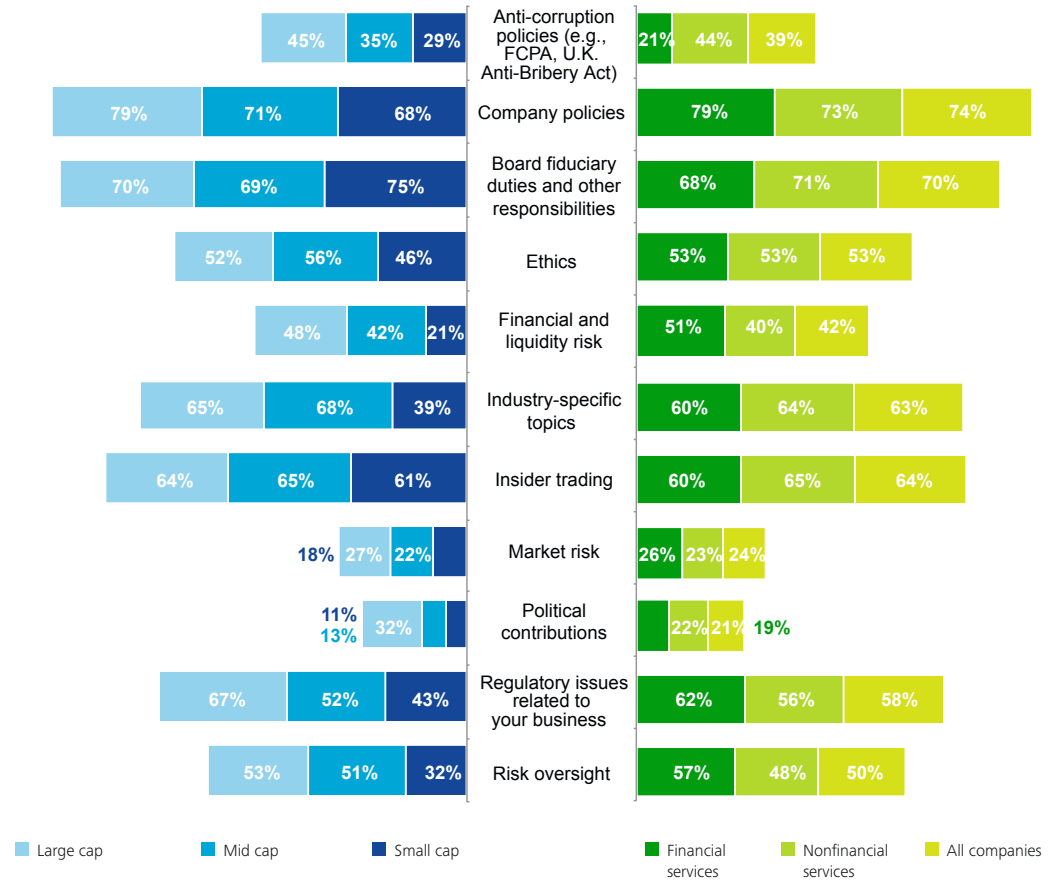
30. Which of the following best describes your board's ongoing director education program? (Select all that apply)



Respondents answering "Other" were as follows: 6% large cap, 1% mid cap, 7% small cap, 6% financial services, 4% nonfinancial services, and 4% all companies.

Respondents answering "Don't know/Not applicable" were as follows: 9% large cap, 12% mid cap, 14% small cap, 8% financial services, 12% nonfinancial services, and 11% all companies.

31. Education for new and existing board directors is provided on these topics: (Select all that apply)



Board evaluations

Fewer small caps with formal director evaluation processes

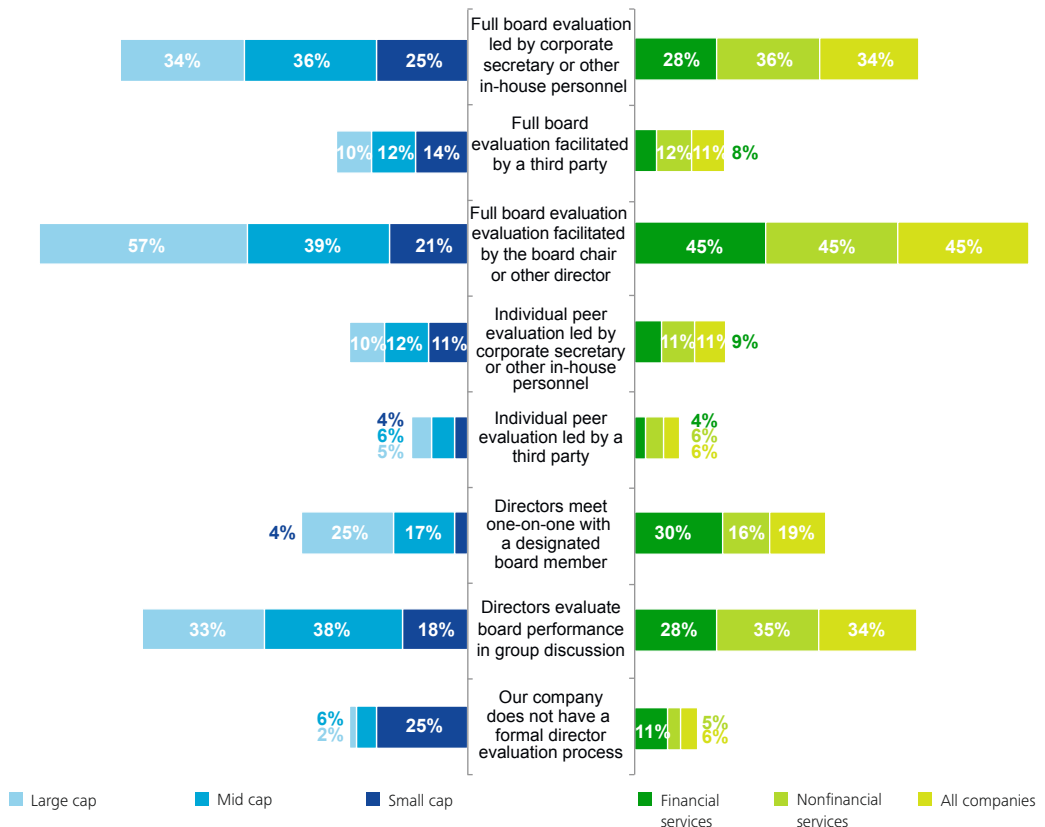
Overall, the most prominent way that boards conduct their evaluations is via facilitation by the board chairman or other director, as noted by 45 percent of the respondents. In 2012, 8 percent of small cap companies said they did not have a formal director evaluation process. In 2014, this increased to 25 percent. There are a number of other ways that survey respondents evaluate directors, such as:

- Directors engage in self-evaluation for committees on which they serve and the board.
- Each committee and board does a self-evaluation, and the chairman meets with each director for peer evaluations and reports results to lead independent director.
- The board and each committee evaluates itself via individually completed brief evaluation forms, which are then reviewed and reported on by the chairmen of those groups.

Respondents answering "Other" were as follows: 5% large cap, 3% mid cap, 14% small cap, 6% financial services, 5% nonfinancial services, and 5% all companies.

Respondents answering "Don't know/Not applicable" were as follows: 0% large cap, 3% mid cap, 0% small cap, 0% financial services, 2% nonfinancial services, and 1% all companies.

32. How are your directors evaluated? (Select all that apply)



FINDINGS AND TRENDS

Strategy and risk

The majority of respondents discuss strategy at every board meeting

Strategy is the first priority area for boards in 2015 (as indicated by the last question of the survey), and results show that 52 percent of respondents say that strategic objectives are discussed at every board meeting. Another 29 percent said they are discussed annually. With regard to discussion of strategic objectives, some respondents selected the “other” answer choice and gave examples such as:

- An annual “deep dive” updated during the year
- Annually plus discussion at other meetings
- Semi-annually and more frequently when needed.

Boards play a critical role in advising management on a strategic plan that considers the organization’s mission, shareholder expectations, and a short-, mid-, and long-range focus. This role extends to the active monitoring of strategy execution and related internal and external communications.

While the frequency of offsite strategy retreats may have decreased, strategic discussions have not.

The majority of respondents, 87 percent, said the board is briefed on strategic alternatives, and another 83 percent said the information the board receives on risk associated with the company strategy has been enhanced during the past year. Further, 68 percent say the full board discusses significant risks to the company more frequently than once a year.

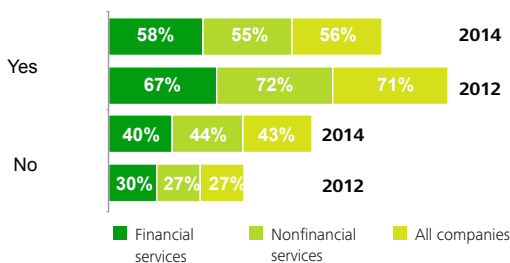
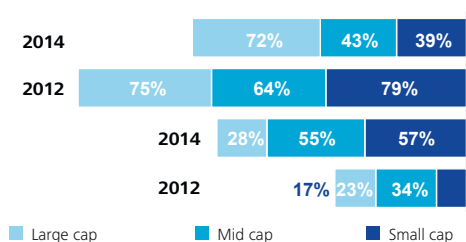
Risk oversight is becoming more formalized

Where and how board-level risk oversight is handled is a frequent question, and our survey shows it is typically handled by either the audit committee or the full board. However, when risk oversight is shared by multiple board committees, the results show that boards take a variety of approaches to coordination. The majority of respondents (66 percent) said the board has a detailed discussion on risk at full board meetings, a 13 percentage point increase since the 2012 report. Forty percent said committee meeting minutes and materials are shared broadly, and another 32 percent said they have cross-membership of committees. More boards are formalizing their processes related to risk oversight.

Boards are considering a number of capital allocation strategies

As part of their strategy oversight, boards play a critical role in helping management consider alternatives and make decisions on capital allocation. Results show that the alternatives being considered are almost evenly spread across dividends, stock buy-backs, acquisitions, and capital expenditures. Most mid and small caps are focused on acquisitions and capital expenditures, whereas the emphasis was more on dividends and capital expenditures for large caps.

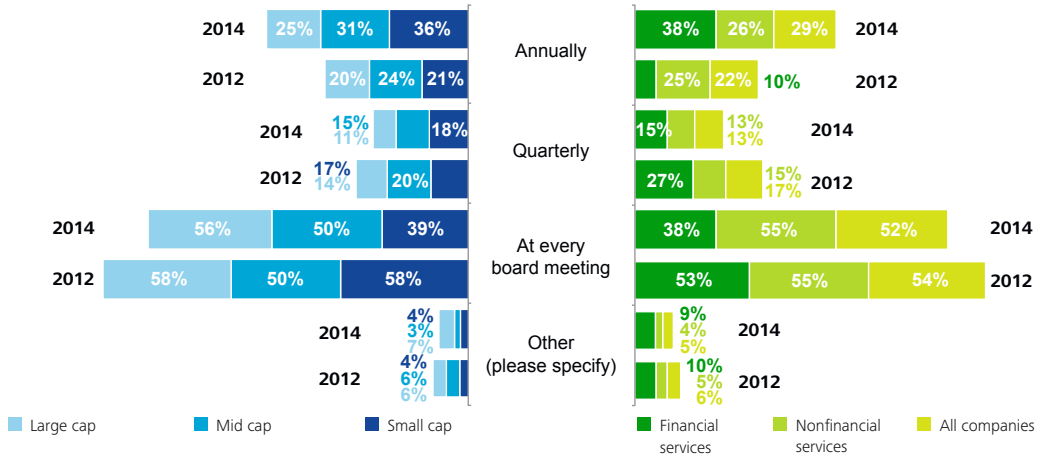
33. Does your board participate in an offsite strategy retreat with management?



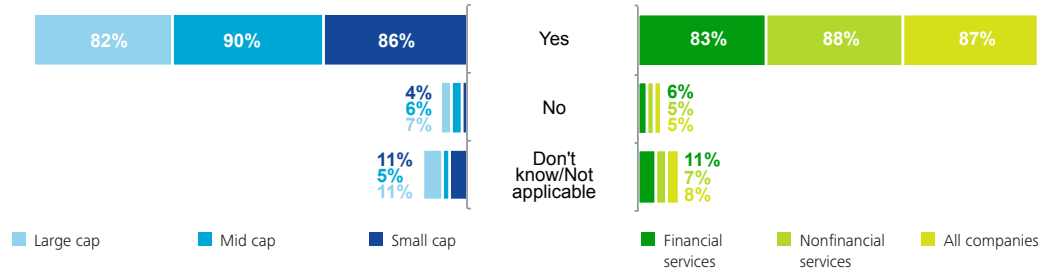
In 2014, respondents answering “Don’t know/Not applicable” were as follows: 0% large cap, 3% mid cap, 4% small cap, 2% financial services, 2% nonfinancial services, and 2% all companies. In 2012, respondents answering “Don’t know/Not applicable” were as follows: 2% large cap, 1% mid cap, 4% small cap, 3% financial services, 2% nonfinancial services, and 2% all companies.

In 2014, respondents answering "Don't know/Not applicable" were as follows: 2% large cap, 1% mid cap, 4% small cap, 0% financial services, 2% nonfinancial services, and 2% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 2% large cap, 0% mid cap, 0% small cap, 0% financial services, 1% nonfinancial services, and 1% all companies.

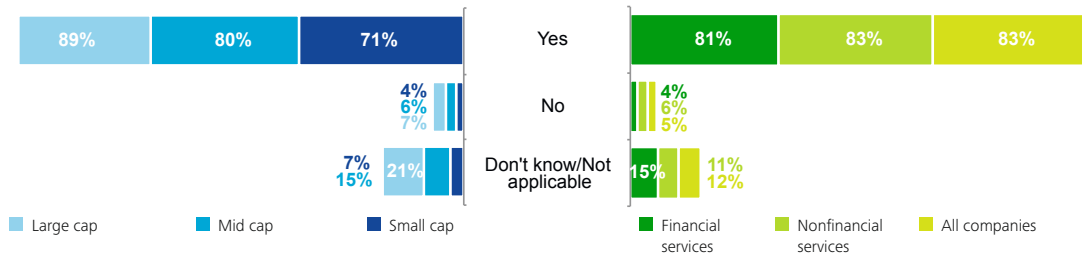
34. How often does the board discuss strategic objectives?



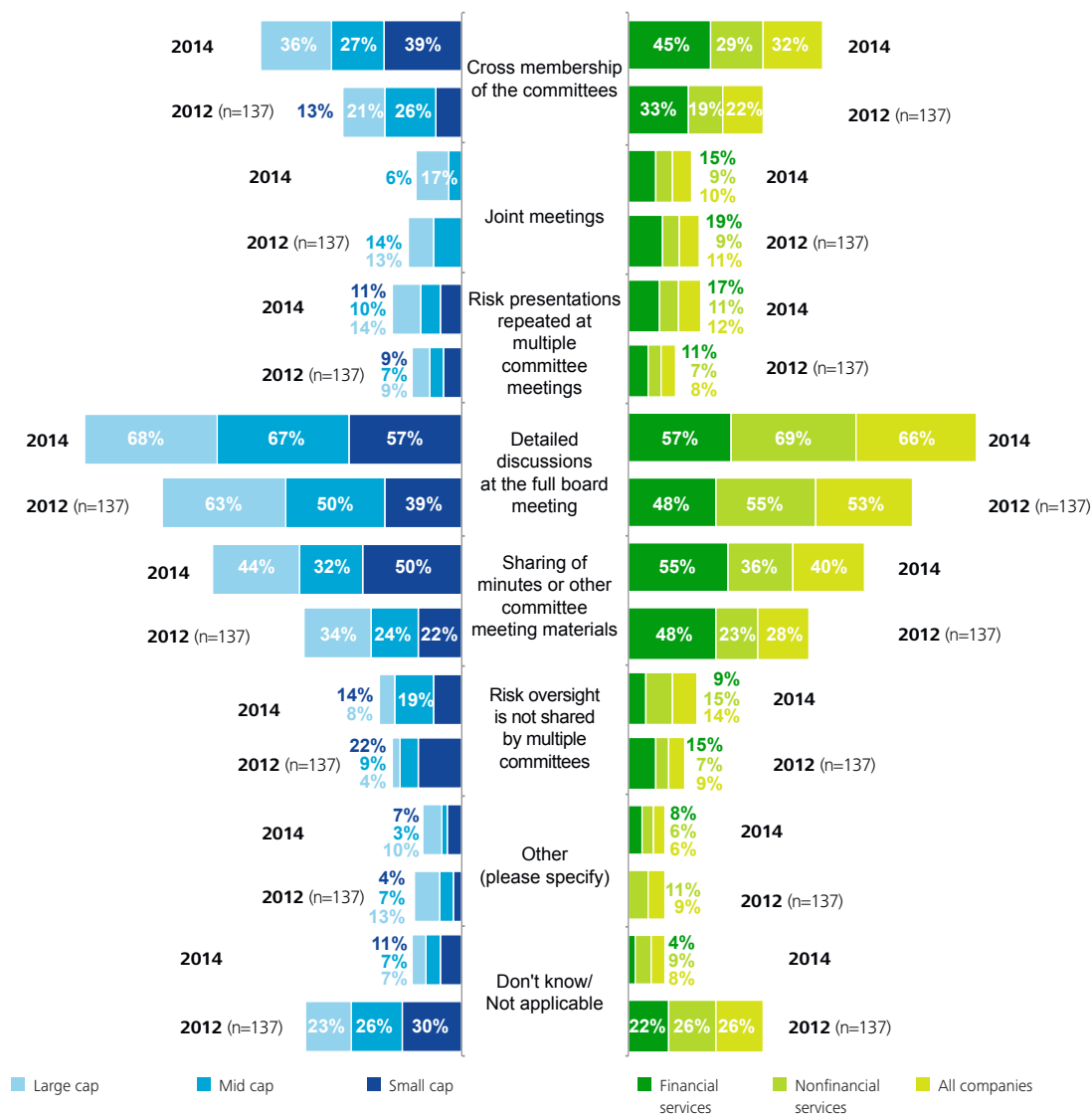
35. Has the board been briefed on strategic alternatives?



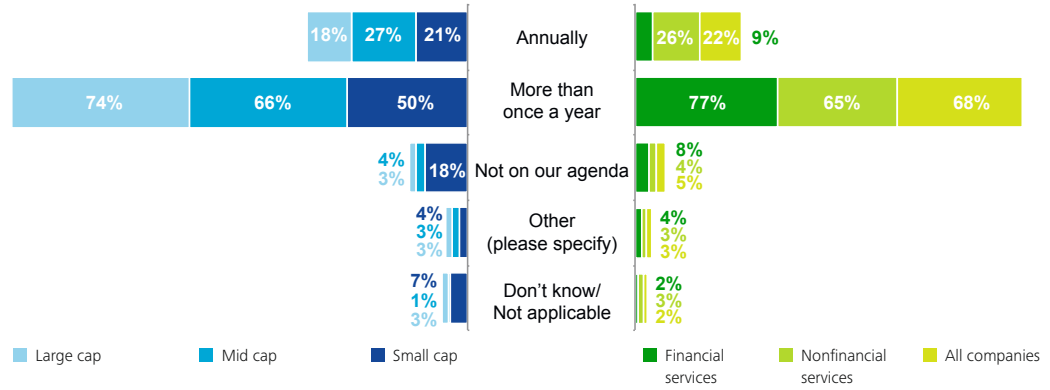
36. In the past year, has the board received enhanced information on risks associated with your company's strategy?



37. If risk oversight is shared by multiple committees, how does the board coordinate these activities? (Select all that apply)

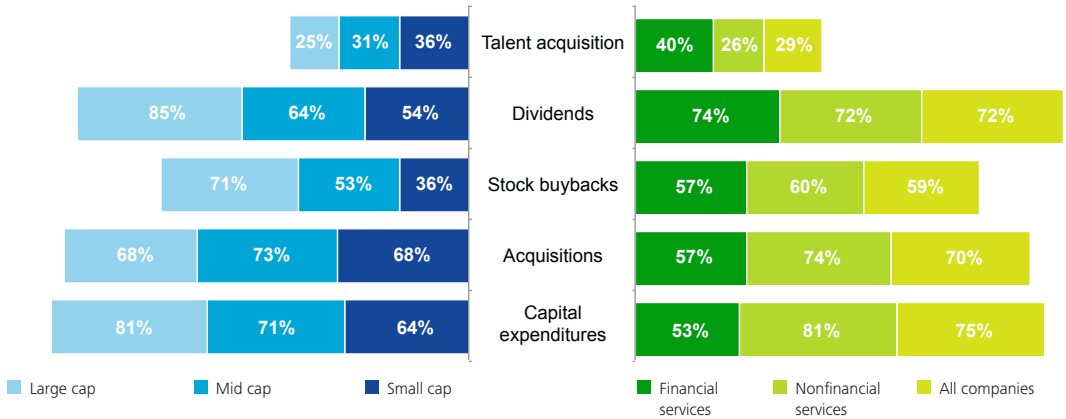


38. How often does the full board discuss the most significant risks to the company?



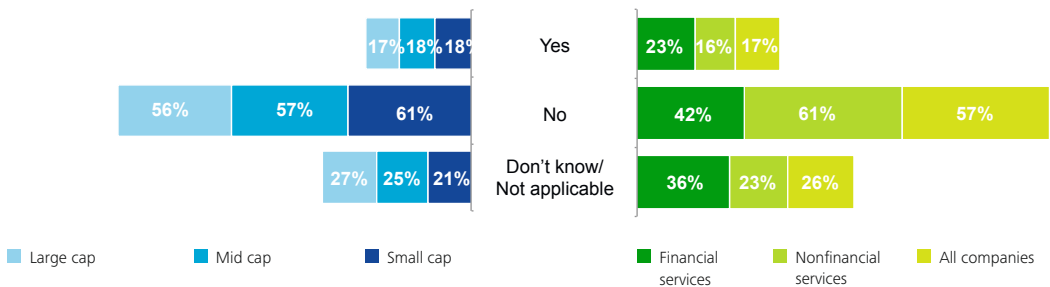
Respondents answering "Other" were as follows: 2% large cap, 3% mid cap, 4% small cap, 2% financial services, 3% nonfinancial services, and 2% all companies.

39. With regard to capital allocation, which of the following strategies has the board considered this year? (Select all that apply)



Respondents answering "Don't know/Not applicable" were as follows: 6% large cap, 5% mid cap, 4% small cap, 8% financial services, 5% nonfinancial services, and 5% all companies.

40. If the board is faced with a potential M&A transaction, does it appoint a special committee of the board?



Audit committee

Audit committees are meeting with more members of management

Similar to what was reported in 2012, almost all audit committees meet with the CFO. Compared to 2012, there is about a 30 percentage point increase of audit committees (58 percent) meeting with their chief compliance officer and about a 20 percentage point increase (34 percent) of those meeting with their chief risk officer. With the recent rise in data breaches and related risks, it is no surprise that more audit committees report meeting with their chief technology/information security officer (CISO). In 2012, only 5 percent were meeting with the CISO, compared to 30 percent in 2014.

With regard to the frequency of face-to-face audit committee meetings, there is little change since the 2012 report.

Increase in the number of internal tips received

There has been little change from the 2012 report with regard to the frequency with which audit committees receive reports on internal tips from the company

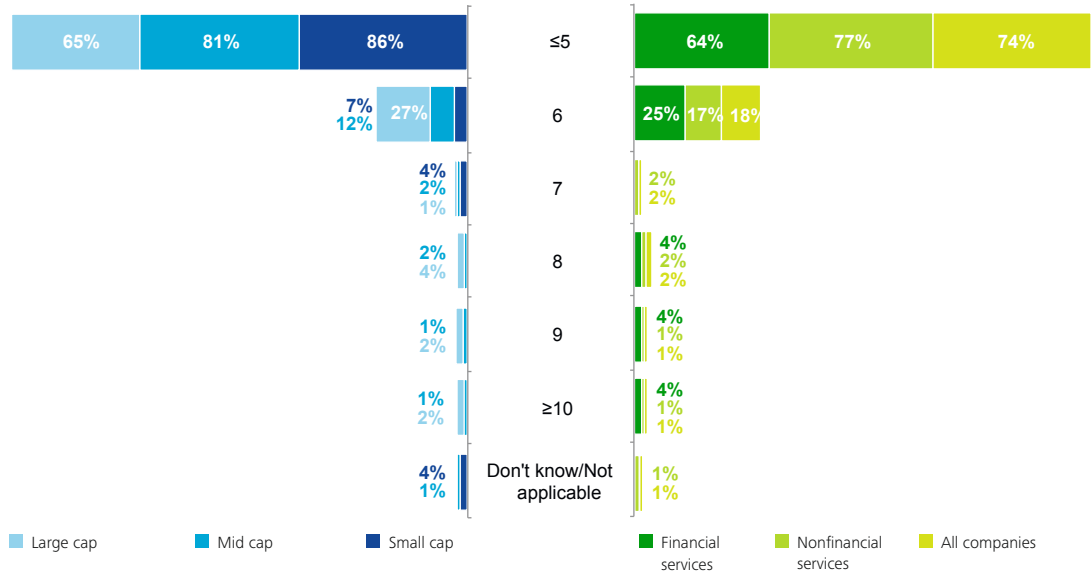
hotline; most said frequently (five or more times a year) or sometimes (two to four times a year). However, there has been a rise in the number of tips received, most notably a 15 percentage point increase for nonfinancial services companies and a 14 percentage point increase for both large and mid caps. Small caps reported a 7 percentage point increase; these companies reported no tips in 2012.

Limits on audit committee service

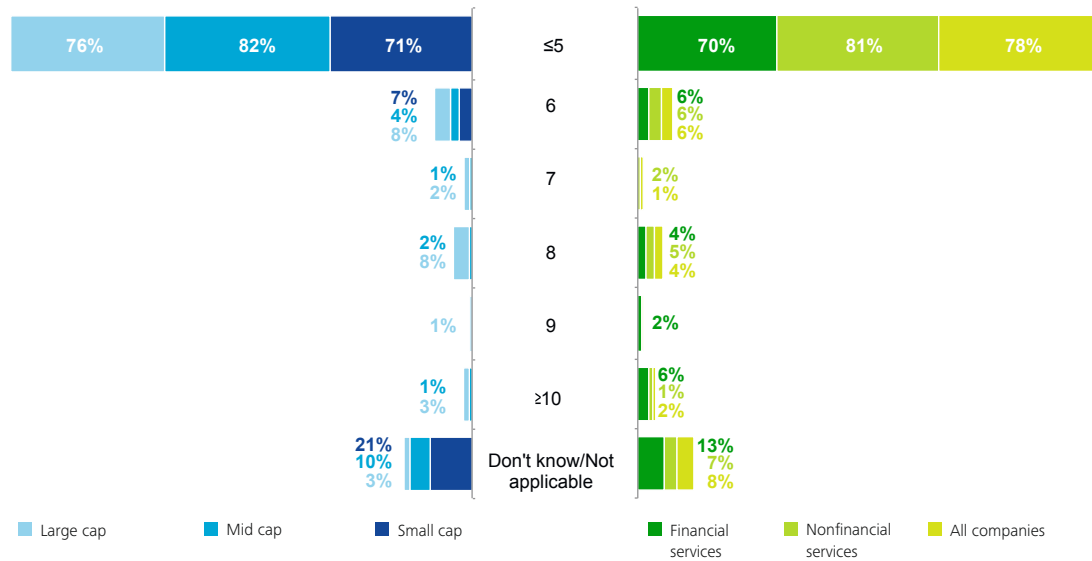
Similar to 2012, about 60 percent of respondents have limits on audit committee members who also serve on the audit committees of other companies. Of these, very few allow for more than three other audit committees, which is in accordance with the NYSE listing standards and which has become a general rule of thumb. Further, there have been slight increases across all company types limiting service to other audit committees. We note that even though companies may not have a formal policy on audit committee service limits, they may be reviewing each committee member's outside service on a case-by-case basis.

41. How often does the audit committee meet annually via:

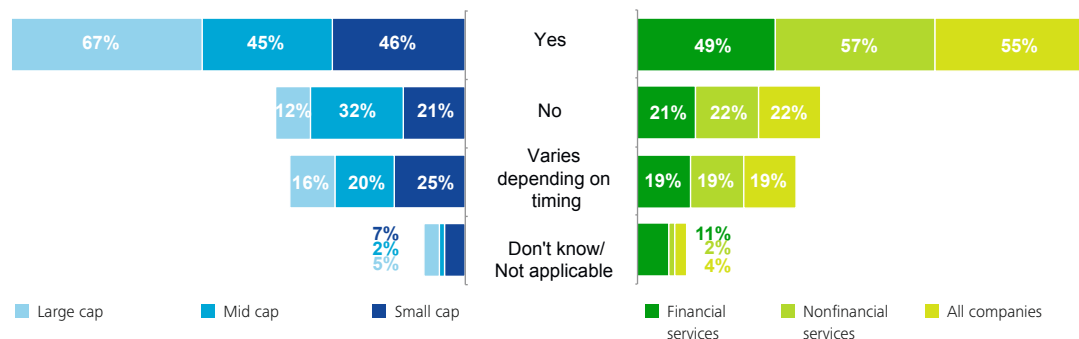
In-person meetings



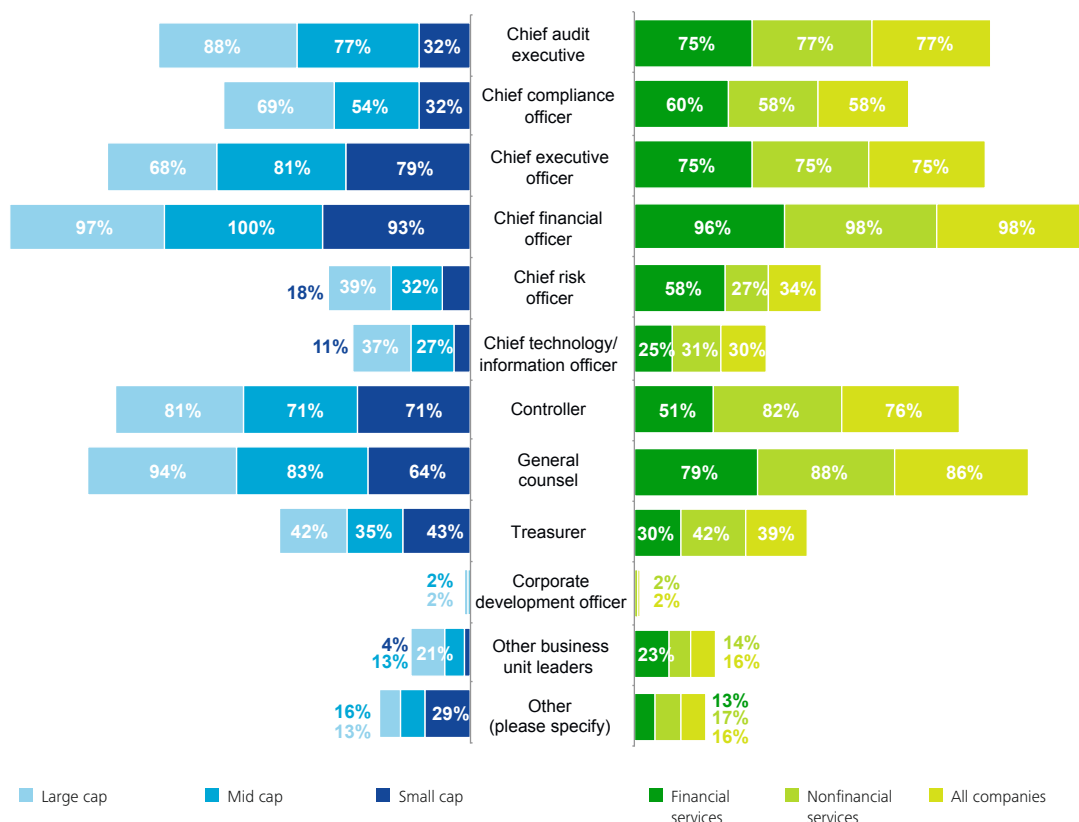
Teleconference/videoconference



42. Does your company's audit committee hold a separate meeting to review the earnings release?

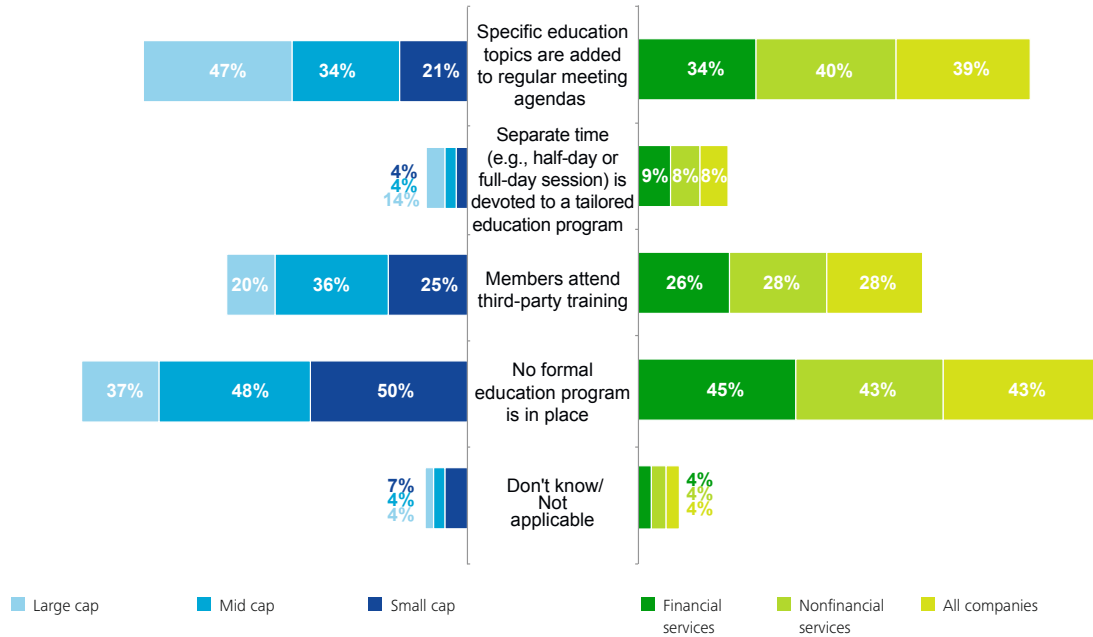


43. Which members of management meet with the audit committee? (Select all that apply)

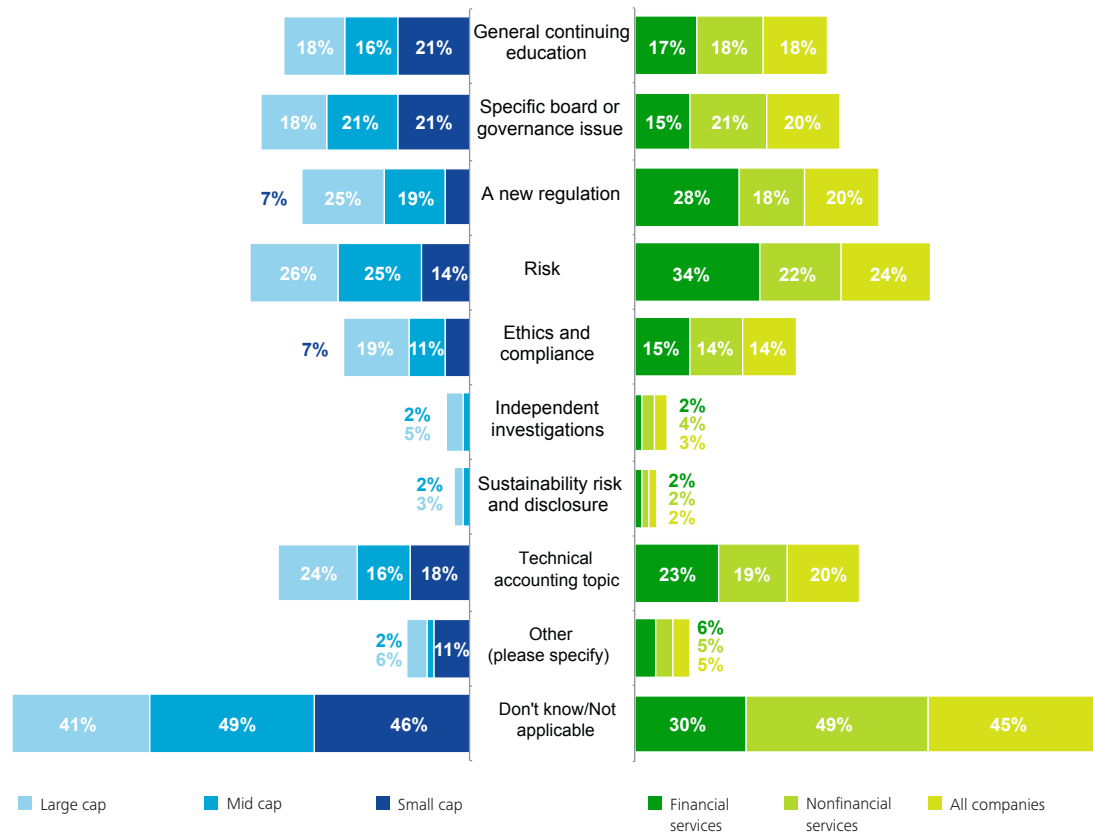


Respondents answering "Don't know/Not applicable" were as follows: 1% large cap, 0% mid cap, 4% small cap, 2% financial services, 1% nonfinancial services, and 1% all companies.

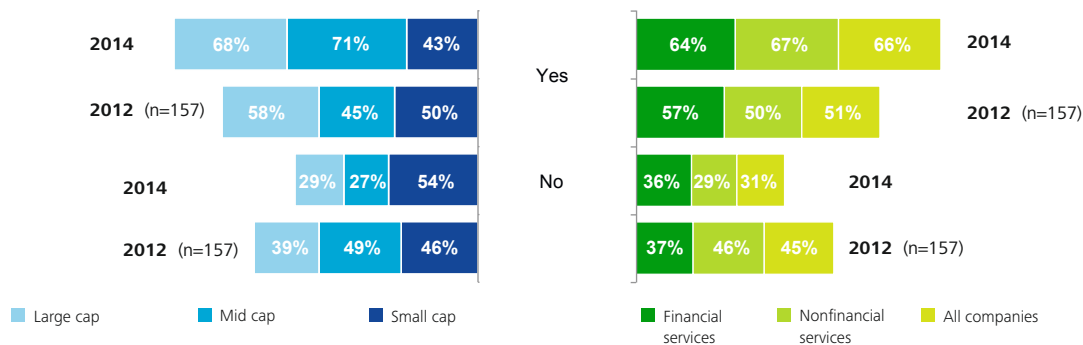
44. Which of the following describes your company's audit committee education program? (Select all that apply)



45. Over the past year, has your company's audit committee participated in a board training program on these topics: (Select all that apply)

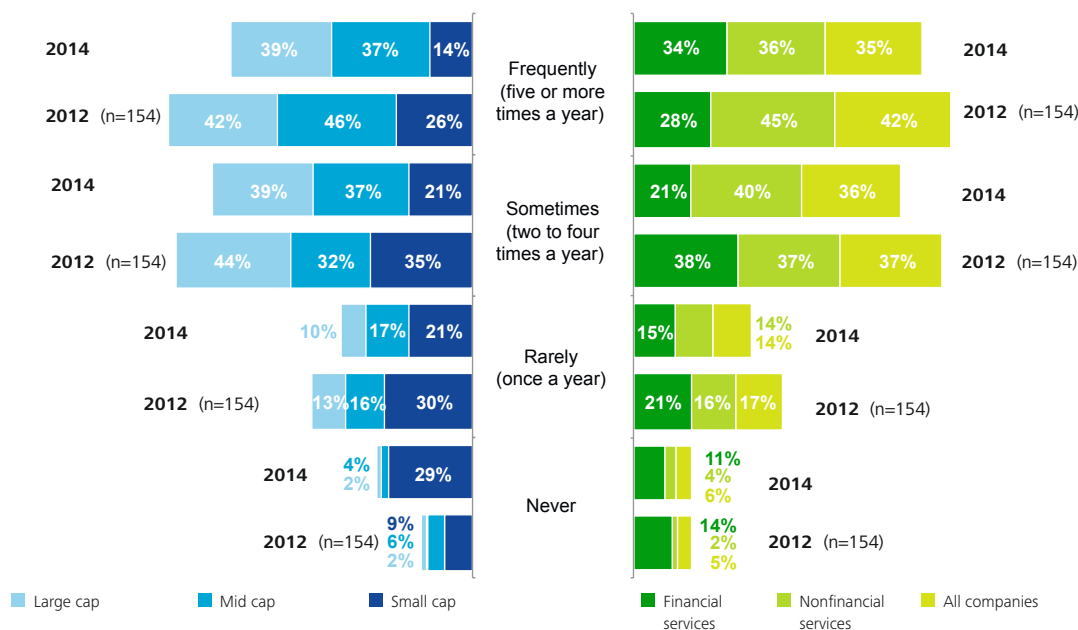


46. Does the audit committee conduct performance evaluations of its members?



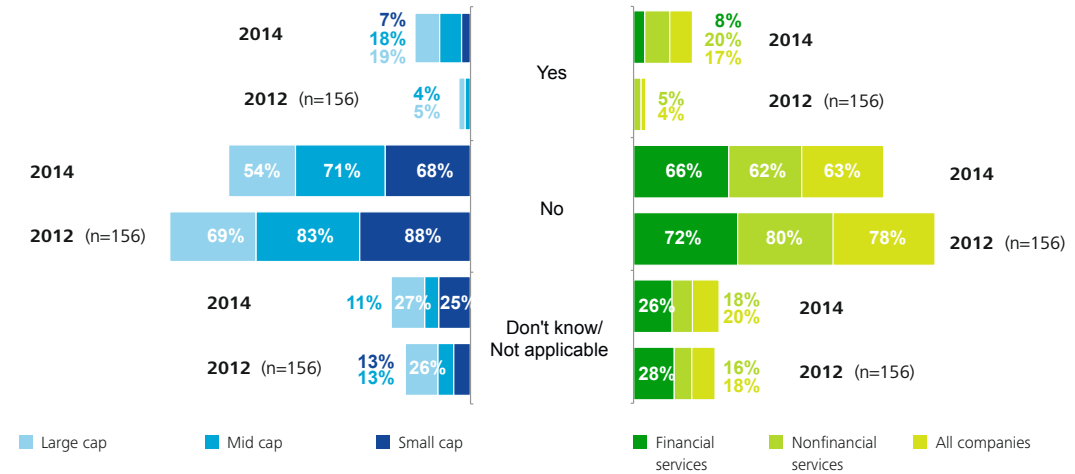
In 2014, respondents answering “Don’t know/Not applicable” were as follows: 4% large cap, 2% mid cap, 4% small cap, 0% financial services, 4% nonfinancial services, and 3% all companies. In 2012, respondents answering “Don’t know/Not applicable” were as follows: 3% large cap, 6% mid cap, 4% small cap, 7% financial services, 4% nonfinancial services, and 4% all companies.

47. How often does the audit committee receive reports on internal tips from a compliance hotline?

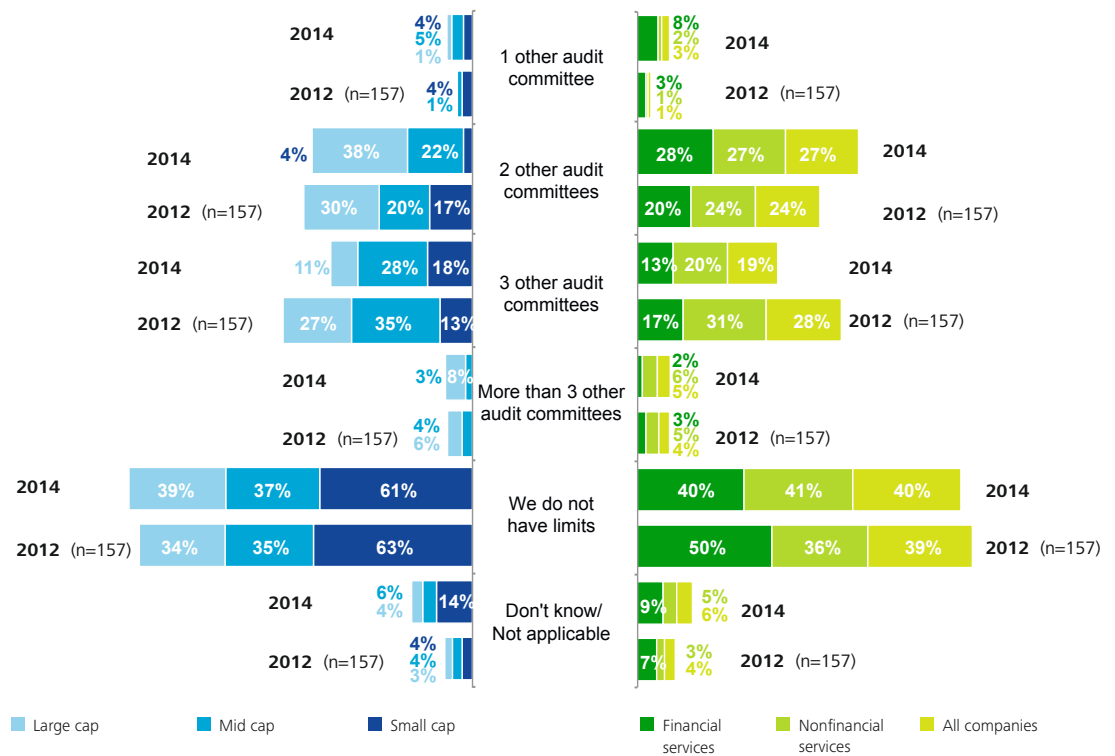


In 2014, respondents answering “Don’t know/ Not applicable” were as follows: 11% large cap, 6% mid cap, 14% small cap, 19% financial services, 7% nonfinancial services, and 9% all companies. In 2012, “Don’t know/ Not applicable” was not an answer choice.

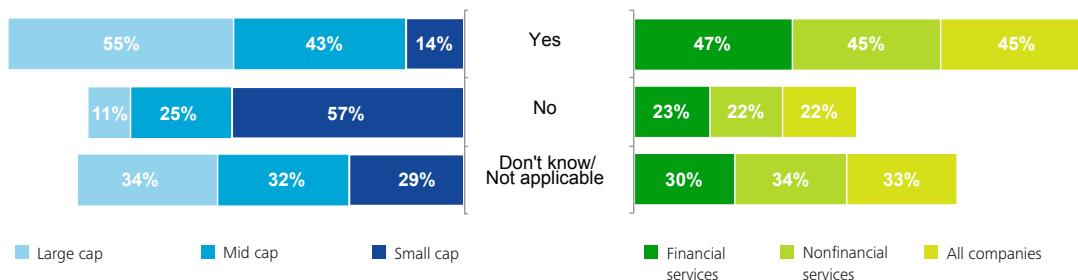
48. In the past year, has your helpline received an increase in tips?



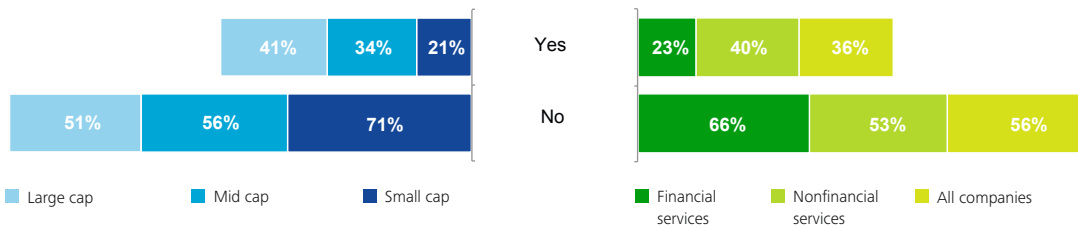
49. Please specify the limit on your board's audit committee members being able to serve on the audit committees of other companies:



50. Has your company done any benchmarking on its internal audit department (e.g., budget, resources)?

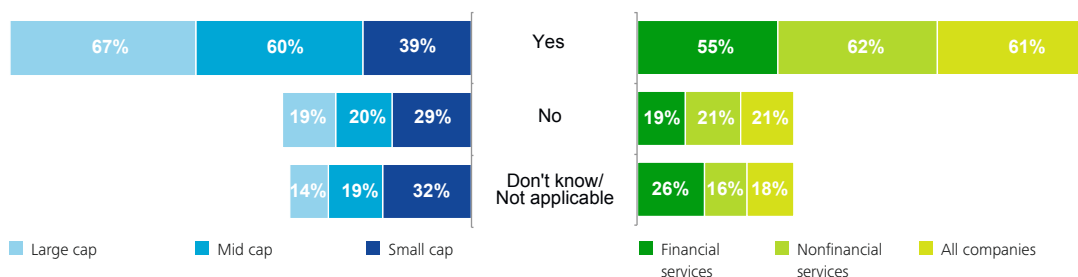


51. Do your audit committee agendas include a discussion on succession of finance talent?



Respondents answering "Don't know/ Not applicable" were as follows: 8% large cap, 9% mid cap, 7% small cap, 11% financial services, 8% nonfinancial services, and 8% all companies.

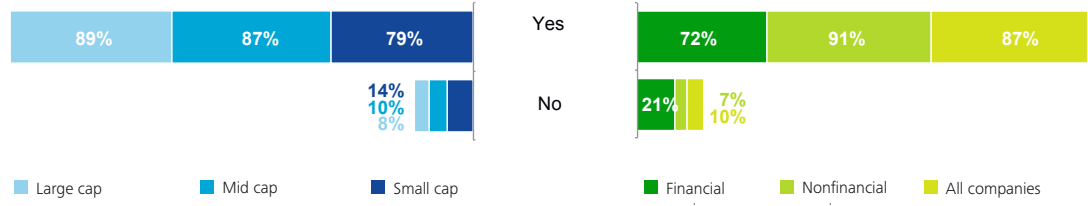
52. If you have more than one financial expert on your audit committee, does your company disclose all names in your proxy?



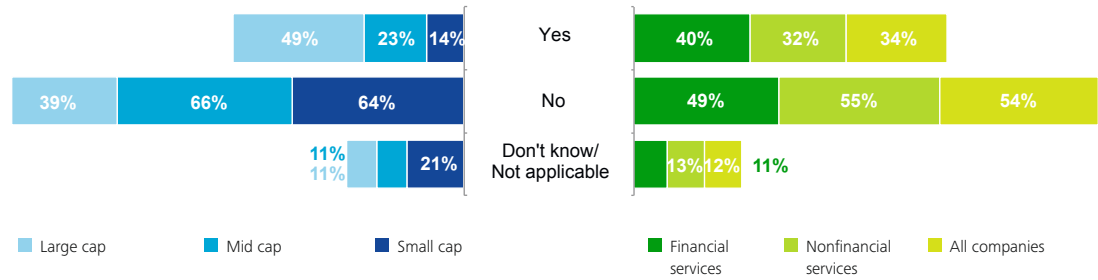
Audit committee

Respondents answering “Don’t know/ Not applicable” were as follows: 4% large cap, 3% mid cap, 7% small cap, 8% financial services, 3% nonfinancial services, and 4% all companies.

53. Is your audit committee chair also your financial expert?



54. Have you considered an increased level of disclosure in audit committee reports beyond what is required?



FINDINGS AND TRENDS

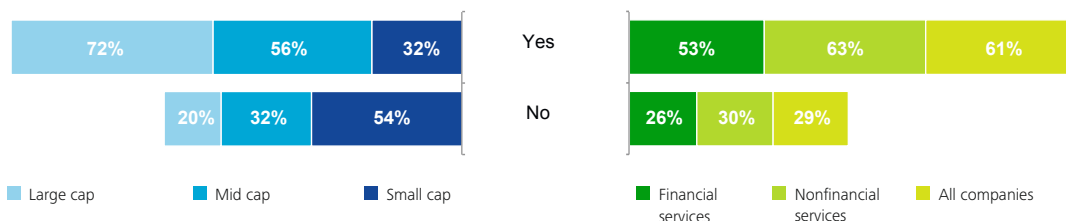
Compensation matters

Two-thirds of companies are considering increased compensation disclosure

While clawback policies are not a new topic, they continue to gain interest from shareholders and proxy advisory firms; in addition, the Dodd-Frank Act requires rule-making related to clawbacks, enhanced disclosure on pay for performance, employee and director hedging policies, and the CEO/median worker pay ratio. Thus, 61 percent of

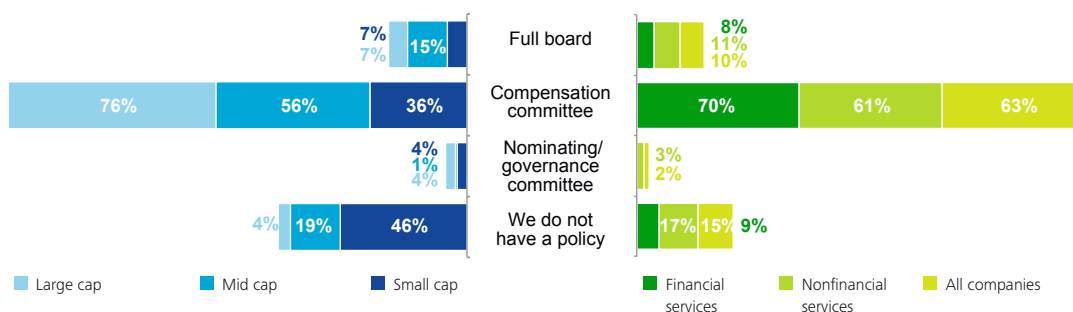
respondents said they are considering supplemental pay-for-performance disclosure in their company proxy statements—this includes 72 percent of large cap, 53 percent of financial services companies, and 63 percent of nonfinancial services companies. Further, when compared to the 2012 report, more companies have an anti-hedging policy that applies to directors, particularly among the large and mid cap companies and nonfinancial services companies.

55. Has your company considered supplemental pay-for-performance disclosure, in addition to the summary compensation table, in its proxy statement?



Respondents answering “Don’t know/ Not applicable” were as follows: 8% large cap, 11% mid cap, 14% small cap, 21% financial services, 7% nonfinancial services, and 10% all companies.

56. Which board committee oversees your company’s clawback policy?



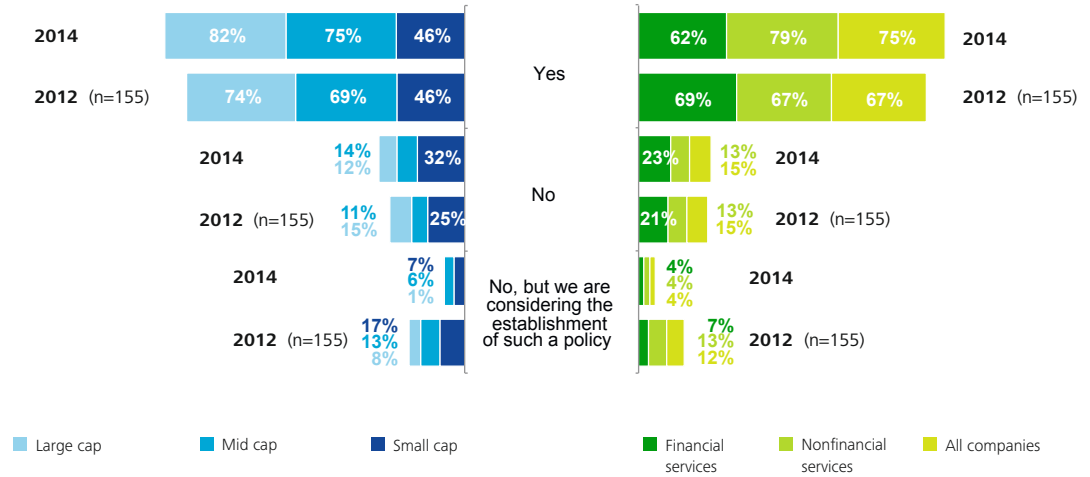
Respondents answering “Other” were as follows: 4% large cap, 1% mid cap, 4% small cap, 2% financial services, 3% nonfinancial services, and 2% all companies.

Respondents answering “Don’t know/Not applicable” were as follows: 5% large cap, 8% mid cap, 4% small cap, 11% financial services, 5% nonfinancial services, and 6% all companies.

Compensation matters

In 2014, respondents answering "Don't know/Not applicable" were as follows: 4% large cap, 5% mid cap, 14% small cap, 11% financial services, 4% nonfinancial services, and 6% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 3% large cap, 7% mid cap, 13% small cap, 3% financial services, 7% nonfinancial services, and 6% all companies.

57. Has your company established an anti-hedging policy that applies to directors?



FINDINGS AND TRENDS



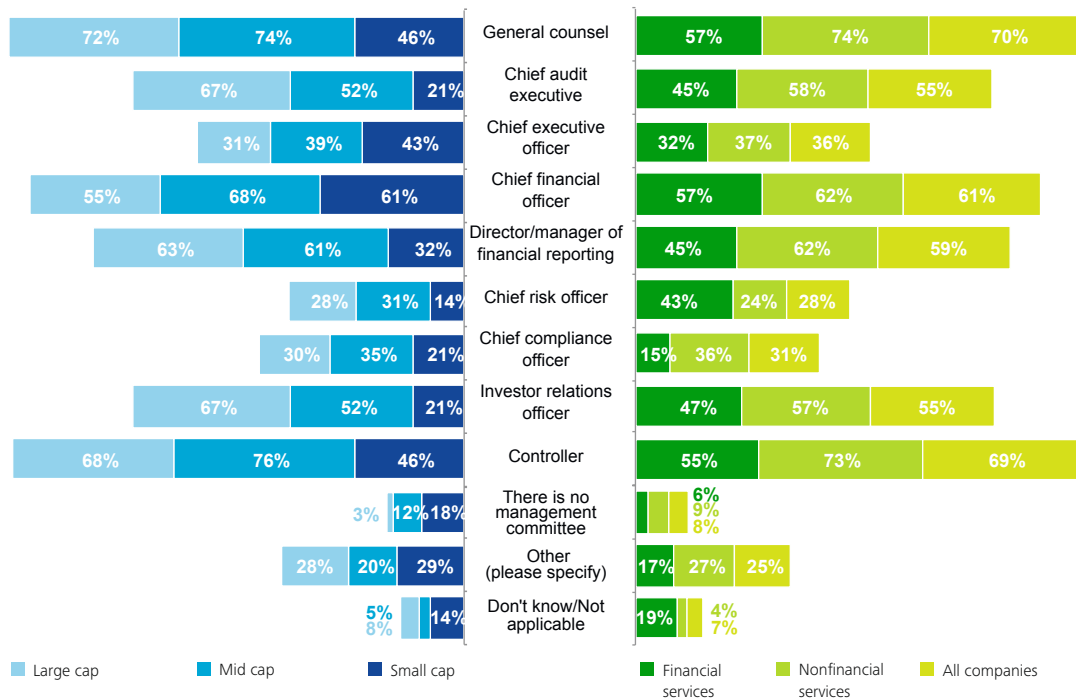
Disclosure committee practices

Some common practices include:

- More than 90 percent of respondents said they have a management disclosure committee.
- The committee appears to have representation across the business with the general counsel, controller, and chief financial officer being the most frequently cited members of the committee. “Other” members include the corporate secretary and securities counsel.
- The committee is overwhelmingly chaired by the chief financial officer and, according to 89 percent of respondents, meets quarterly.

58. Which of the following individuals are members of your company’s management disclosure committee? (Select all that apply)

No respondents answered “Board/board Committee”.



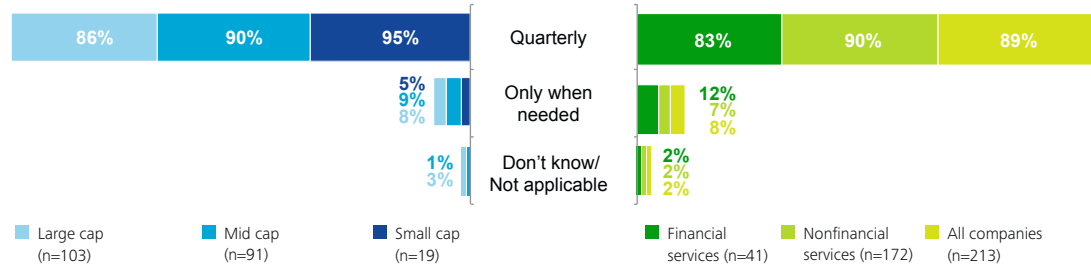
Disclosure committee

Less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

Respondents answering "Annually" were as follows: 1% large cap and 1% nonfinancial services.

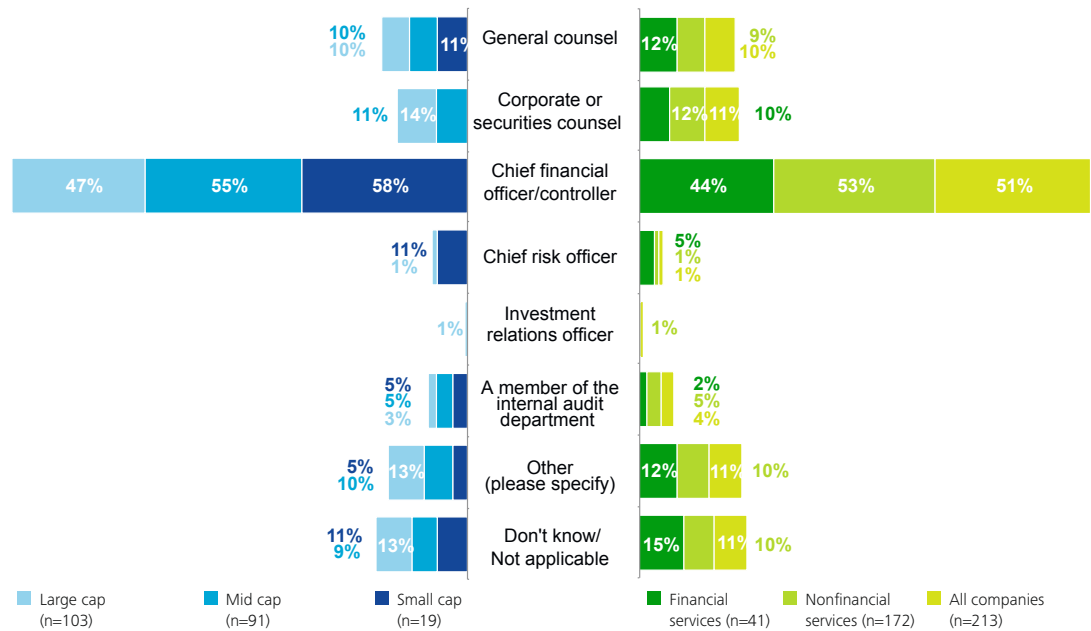
Respondents answering "At each board meeting" were as follows: 2% large cap, 2% financial services, 2% nonfinancial services, and 1% all companies.

58a. How often does your management disclosure committee meet?



Less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

58b. Who chairs your management disclosure committee?



FINDINGS AND TRENDS

CEO succession planning

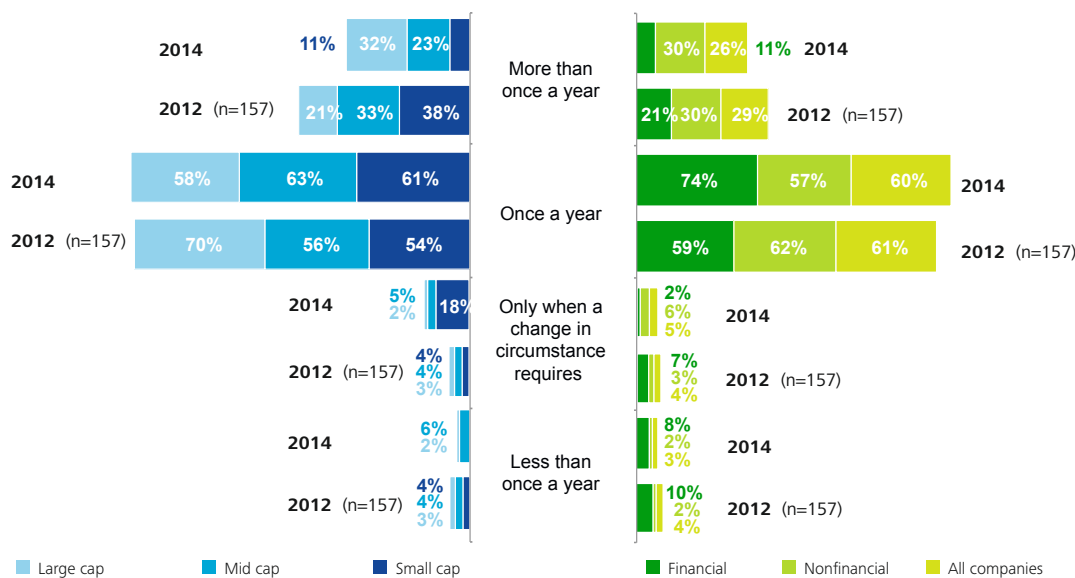
Varied responses on the succession plan process

Responses were spread when it came to who has primary responsibility over the CEO succession planning process. Across all respondent categories, most said the full board bears the responsibility, followed closely by the compensation committee and the nominating/corporate governance committee. Trends related to how often boards review CEO succession plans are mixed. Sixty percent of respondents review the plans annually. Most notable is an 11 percentage point increase in large caps (32 percent) reviewing succession plans more than once a year as compared with the 2012 responses. In 2014, more small caps are reviewing succession either annually or when circumstances warrant.

Slight increases in the level of succession plan disclosure

This year's survey showed that the majority of companies (60 percent) had no change in the level of succession plan process disclosure. A few—11 percent of large cap, 13 percent of mid cap, and 7 percent of small cap companies increased their disclosure.

59. How often does the full board review CEO succession plans?



In 2014, respondents answering "Never" were as follows: 1% large cap, 0% mid cap, 4% small cap, 2% financial services, 1% nonfinancial services, and 1% all companies. In 2012, no respondents answered "Never".

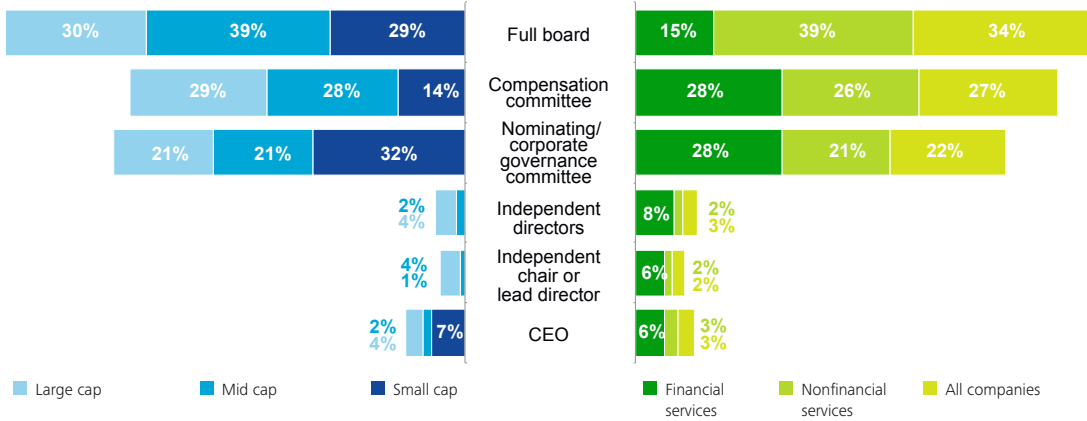
In 2014, respondents answering "Don't know/Not applicable" were as follows: 5% large cap, 4% mid cap, 7% small cap, 4% financial services, 5% nonfinancial services, and 5% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 3% large cap, 3% mid cap, 0% small cap, 3% financial services, 2% nonfinancial services, and 3% all companies.

CEO succession planning

Respondents answering "Other" were as follows: 4% large cap, 3% mid cap, 7% small cap, 4% financial services, 4% nonfinancial services, and 4% all companies.

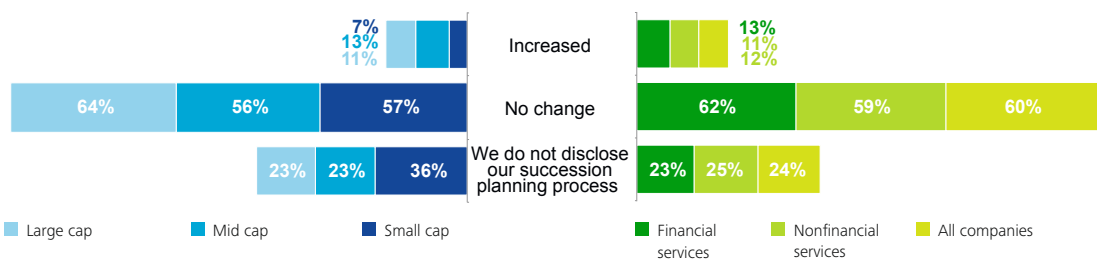
Respondents answering "Don't know/Not applicable" were as follows: 4% large cap, 5% mid cap, 11% small cap, 6% financial services, 5% nonfinancial services, and 5% all companies.

60. Who has the primary responsibility over the CEO succession planning process?



Respondents answering "Don't know/Not applicable" were as follows: 2% large cap, 8% mid cap, 0% small cap, 2% financial services, 5% nonfinancial services, and 4% all companies.

61. In the past year, how has the level of disclosure on your succession plan process changed?



FINDINGS AND TRENDS

Shareholder engagement and activism

Level of shareholder engagement remains consistent

Forty-four percent of respondents noted that their board members had no direct contact with shareholders, which is unchanged from the 2012 report. Another 22 percent said at least one board member had shareholder contact, also similar to 2012. The majority of respondents, 55 percent, said that requests from shareholders to have direct contact with the board have not increased over the past two years. Perhaps this is because more companies are doing proactive shareholder outreach, increasing the dialogue on issues that are important to their investors, and addressing investor requests.

Approximately one-third of all respondents have a policy relating to contact between directors and shareholders (other than the NYSE and Regulation S-K communications disclosure requirements) and two-thirds do not. Of the 34 percent that have a policy, the contours of the policy are varied: some respondents do not allow a director to have contact with shareholders; others only allow the independent chairman or independent lead director to do so.

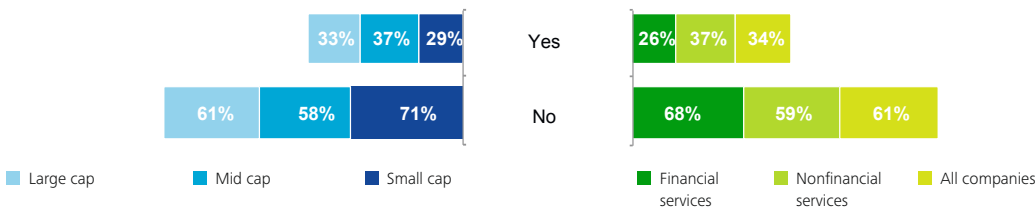
A number of “other” responses included policy provisions such as:

- Allowed at the request of management or the board and with knowledge of management or the board
- Allowed by the CEO and separate chairman
- Encourages directors to route discussions through management but are invited to participate in some shareholder contacts or events
- Allowed by a designated outside director.

Slight decline in shareholder activism

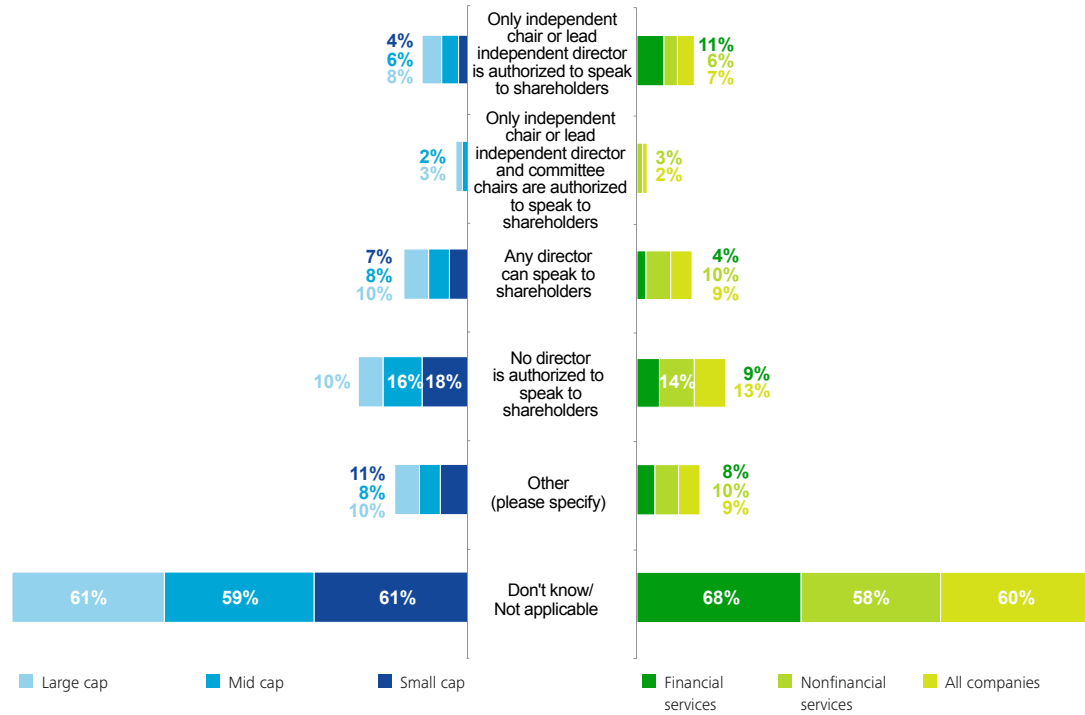
More than half of the companies surveyed have had board-level discussions on how to prepare for an activist in the past year. A number of companies have stepped up their efforts in the past few years to quell shareholder activity through various means, such as getting to know their shareholders better and by maintaining periodic shareholder contact throughout the year. Compared to 2012, there is nearly a 4 percentage point decrease (31 percent) in the number companies that were approached by a shareholder activist in 2014. The only exception is with small cap companies, which saw an 8 percentage point increase (21 percent) in activist approaches.

62. Does your company have a policy relating to contact between directors and shareholders (other than the NYSE communications/Reg. S-K communications disclosure requirements)?



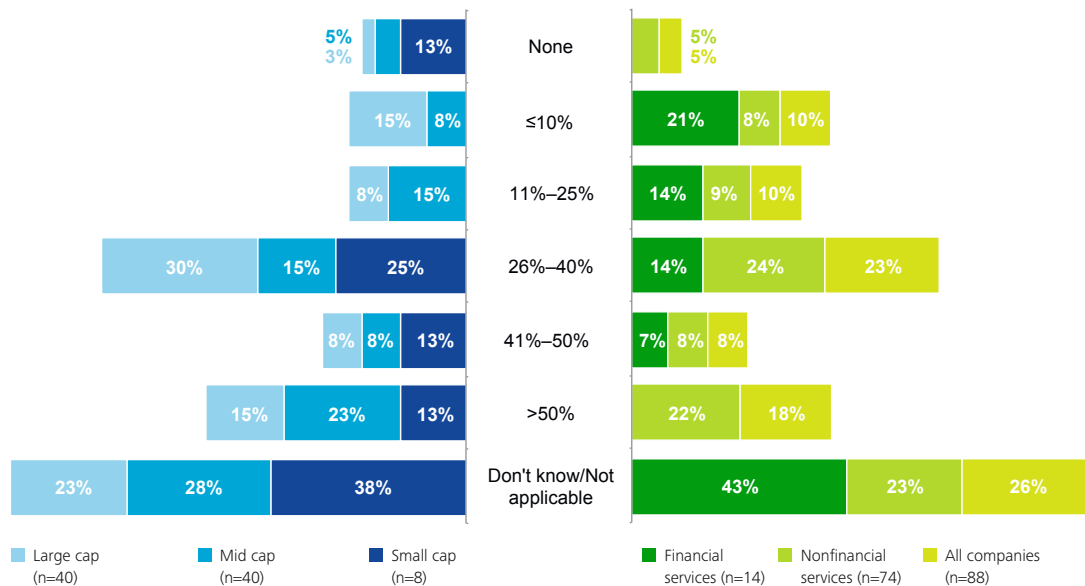
In 2014, respondents answering “Don’t know/Not applicable” were as follows: 6% large cap, 5% mid cap, 0% small cap, 6% financial services, 5% nonfinancial services, and 5% all companies.

62a. The policy provides for the following:



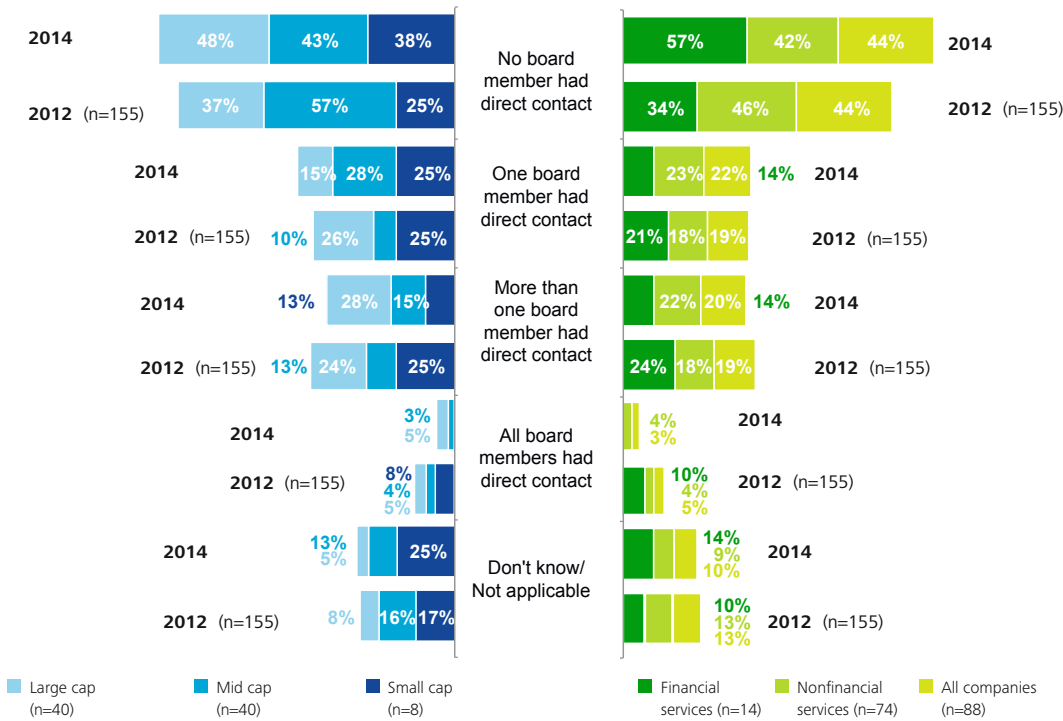
Less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

63. What percentage of your company shareholders did the corporate secretary, the board, or senior management interact with over the past year?

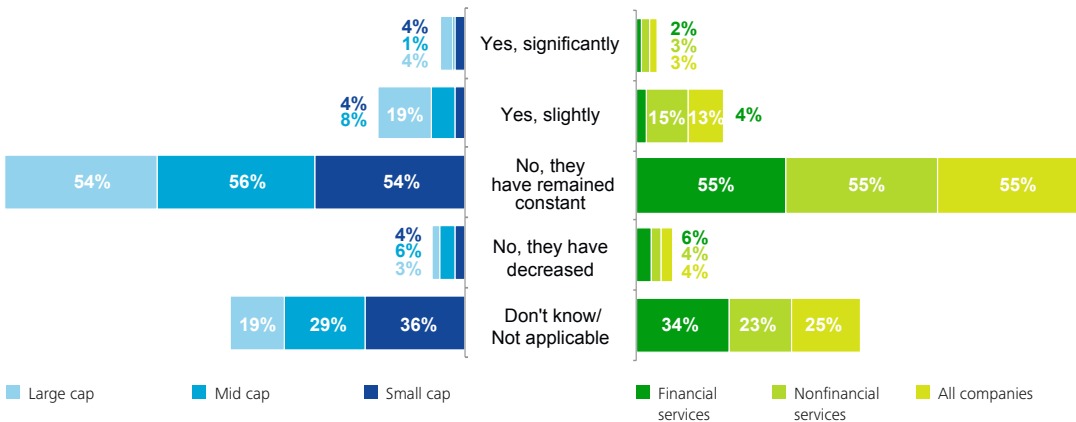


64. Have members of your board had direct contact with shareholder(s) or shareholder groups over the past year?

In 2014, less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.



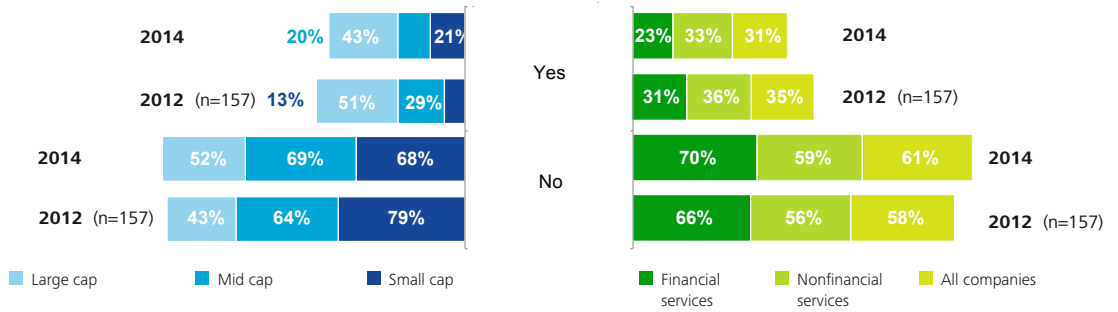
65. Have requests from shareholders to speak directly to board members increased over the past two years?



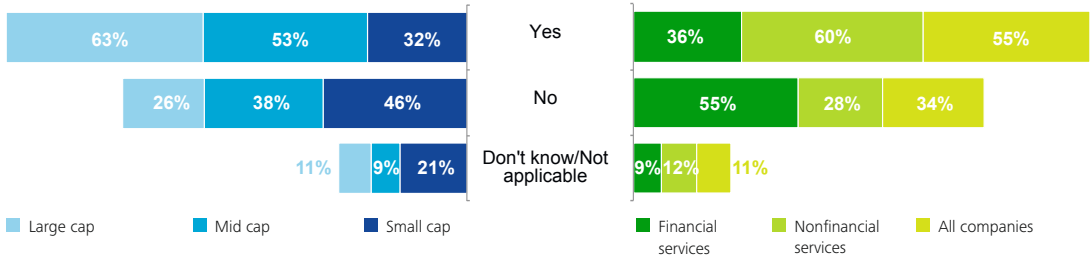
Shareholder engagement and activism

In 2014, respondents answering "Don't know/Not applicable" were as follows: 5% large cap, 10% mid cap, 11% small cap, 8% financial services, 8% nonfinancial services, and 8% all companies. In 2012, respondents answering "Don't know/Not applicable" were as follows: 6% large cap, 7% mid cap, 8% small cap, 3% financial services, 8% nonfinancial services, and 7% all companies.

66. Has your company been approached by a shareholder activist within the past 12 months?

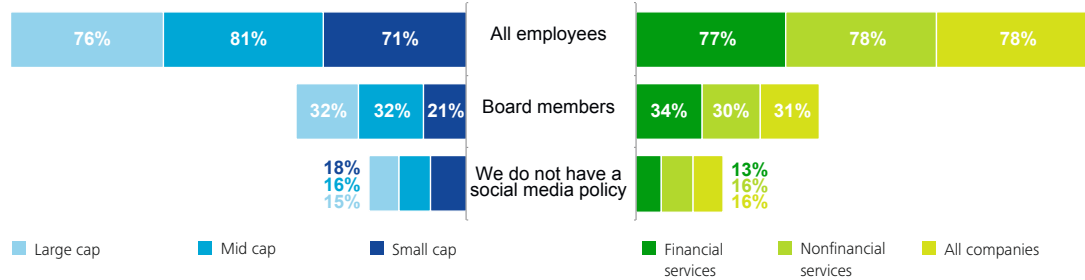


67. Has your board discussed how to prepare for activism in the last year?



Respondents answering "Don't know/Not applicable" were as follows: 9% large cap, 5% mid cap, 11% small cap, 11% financial services, 6% nonfinancial services, and 7% all companies.

68. Your company's social media policy applies to: (Select all that apply)



FINDINGS AND TRENDS

Technology and data analytics

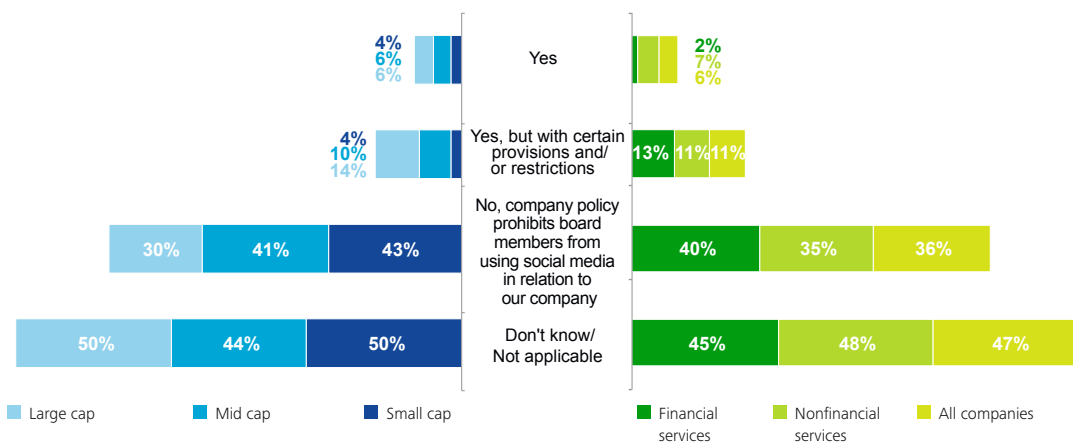
Most have social media policies

With the rise in use of social media for both personal and business reasons and the potential damage to a company if it is misused, it is not surprising that 84 percent of all companies surveyed have a social media policy. Of the companies that have policies, 78 percent said the policy applies to employees and 31 percent said it applies to directors. This is consistent with the fact that less than 20 percent of companies allow board members to comment on the company via social media, and those that do usually have restrictions in place. Half of all companies do not know whether directors are permitted to comment on social media, and about 30 percent have had a report on social media use by either customers, employees, or board members.

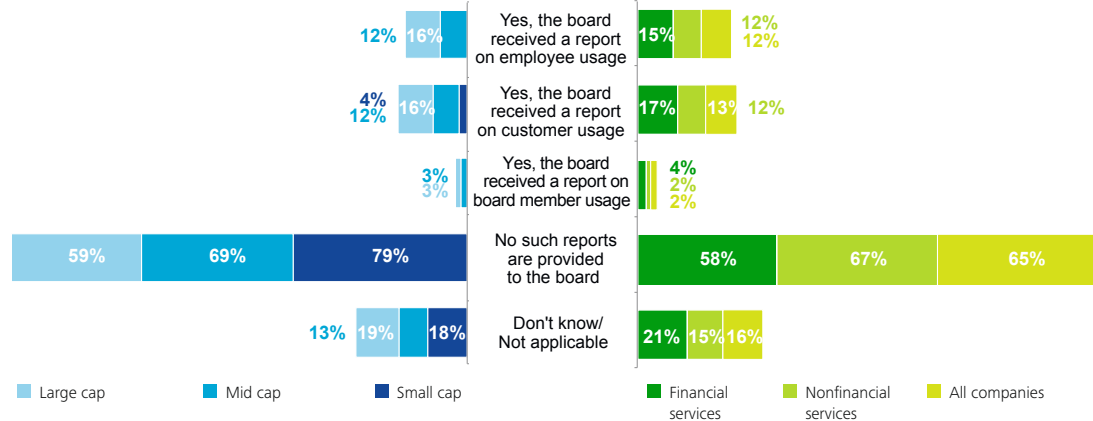
Nearly half of all large caps are educated on “big data”

Big data is structured and unstructured data generated from diverse sources in real time, in volumes too large for traditional technologies to capture, manage, and process in a timely manner. The concept is not new, but in the past few years, boards and their management teams have been paying more attention to it and the value it can add to company strategy and risk assessment. There is just a 15 percentage point difference between companies that educate their boards on big data and data analytics (33 percent) and those that do not (48 percent). Large cap companies in particular are focused on this (48 percent of their boards receive training on big data, compared to 23 percent and 7 percent of mid and small cap companies, respectively). Twenty-eight percent of those surveyed said they are incorporating advanced analytics into company strategy and 7 percent are considering doing so.

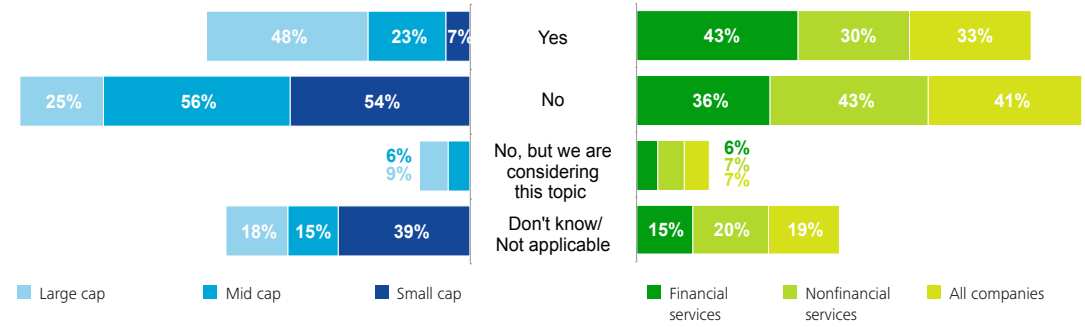
69. Board members are permitted to comment on our company and industry via various social media (e.g., Twitter, Facebook, LinkedIn):



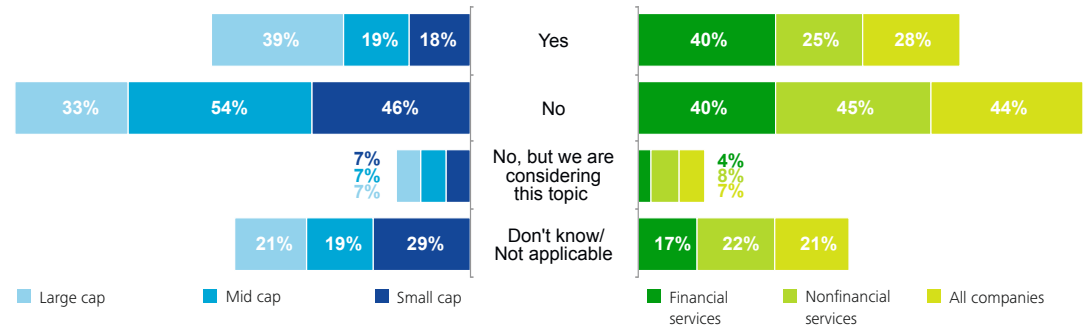
70. In the past year, has your board received a report on, or discussed the usage of, social media by employees, customers, or board members? (Select all that apply)



71. In the past two years, has your board been educated on the evolving use of big data and advanced analytics, and their potential return on investment?



72. Does your board discuss how to incorporate and implement advanced analytics (e.g., data mining, predictive modeling, optimization, segmentation) into company strategy?



FINDINGS AND TRENDS

Cyber security

Small caps lag on cyber security awareness

Cyber security has quickly become an important topic for companies and boards, particularly in light of recent data breaches; hackers are becoming smarter and the increased amount of data collected by companies increases their risk of attack. According to survey results, the level of board awareness on cyber security is moderate to high across all companies surveyed, with the exception of small cap companies. Only 11 percent of small cap companies indicated their board has a high level of awareness; most said the level is either moderate or low, but directors are becoming more knowledgeable.

About half say the audit committee oversees cyber security

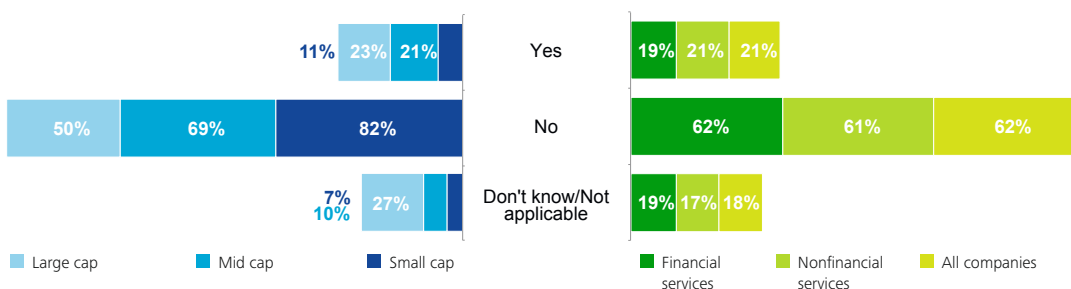
The survey results show that most often the full board or the audit committee is responsible for the oversight of cyber security matters. Audit committee involvement here is not surprising given that cyber security is often integrated with risk management programs. No respondent said the board has a separate cyber security committee. At the management level, results show that the chief information officer and chief technology officer, at 55 percent and 30 percent, respectively, are responsible for managing cyber security at the organization. They are also the two individuals most likely to provide board education on the topic, according to survey results.

As boards consider cyber security in the context of their organizations, they may consider asking questions such as:

- How do we determine what information is leaving the organization, and how?
- What are the greatest cyber threats our organization faces?
- What are the "crown jewels" we must protect?
- Which other data require strong protection?
- Do we have a plan to respond to cyber incidents?
Is it up to date, and have we truly practiced it?

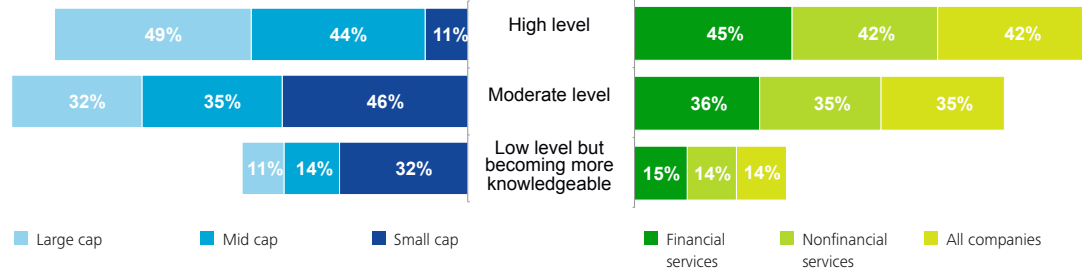
Source: Mary E. Galligan, a director in the Security & Privacy practice of Deloitte & Touche LLP, following her recent retirement from the Federal Bureau of Investigation

73. Has your company experienced a cyber security breach during the past two years?

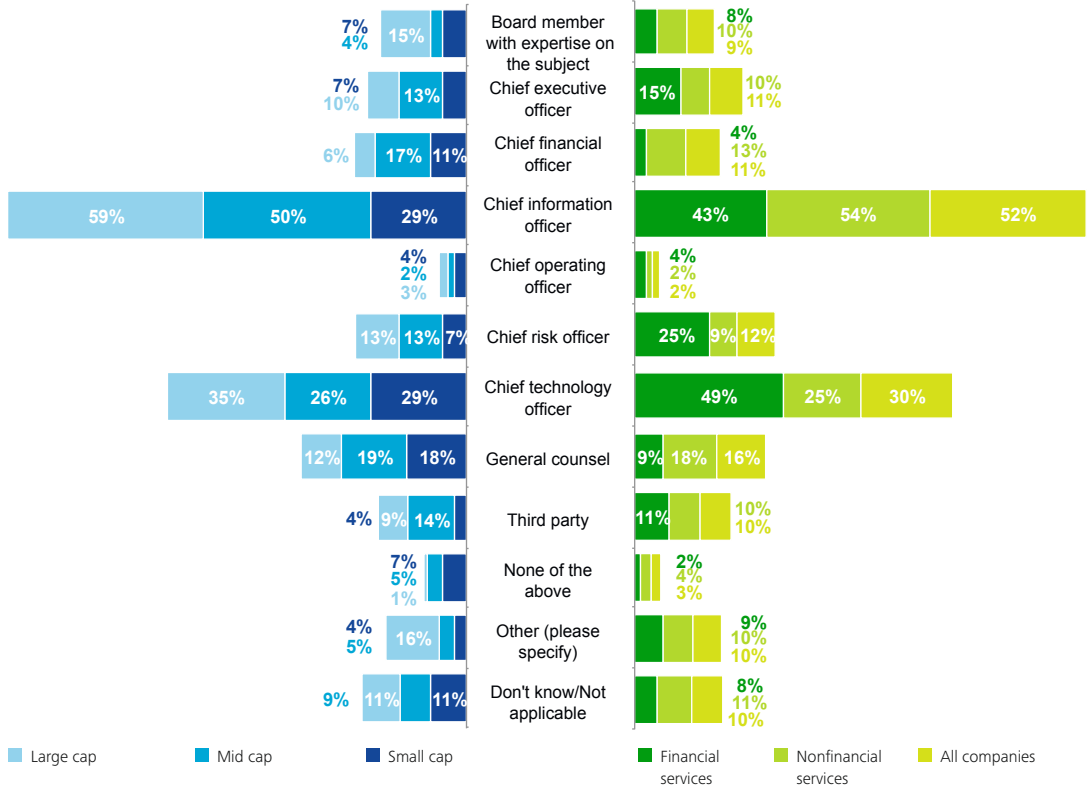


Respondents answering “Don’t know/Not applicable” were as follows: 8% large cap, 7% mid cap, 11% small cap, 4% financial services, 9% nonfinancial services, and 8% all companies.

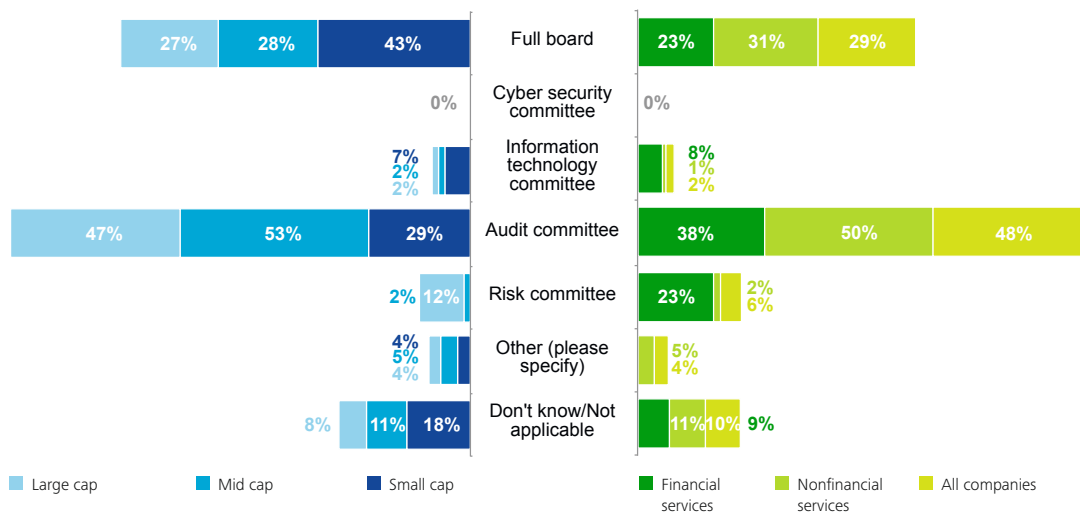
74. What level of awareness does the board have on cyber security?



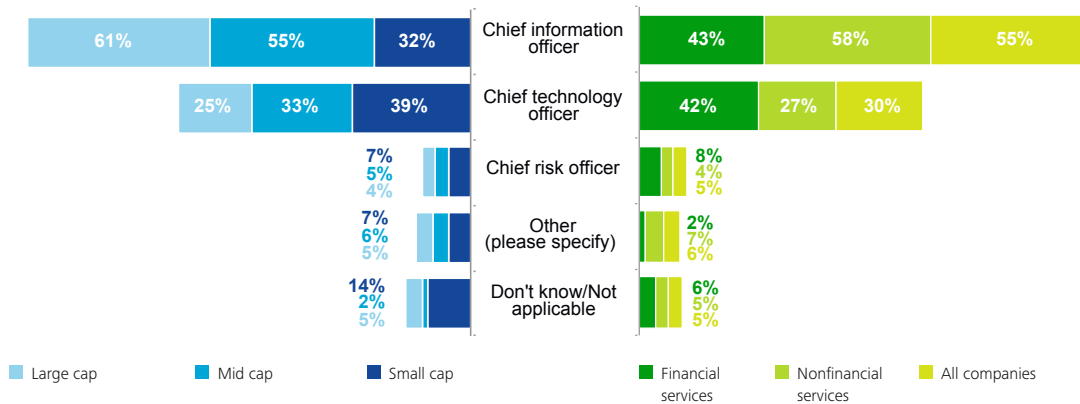
75. Who has educated your board on cyber security? (Select all that apply)



76. Which committee of the board oversees cyber security issues?



77. Who within management is responsible for cyber security?





Little change in sustainability reporting and oversight

In 2014, the most common shareholder proposals on social issues addressed political contributions and lobbying, environmental practices and reporting, human rights, and sustainability reporting. The companies that engage in sustainability reporting are mostly large caps, with 75 percent responding that they have a report available on their website. The reverse is true for small cap companies, 75 percent of which do no sustainability reporting. One-third of mid cap companies provide a report. Despite small decreases at most companies since the 2012 report, about 40 percent of all respondents said their boards are involved in the oversight of corporate social responsibility, sustainability, and related public disclosures. About the same, 36 percent, said their companies have incorporated sustainability initiatives into strategy.

Practices related to conflict minerals

Just 36 percent of those surveyed noted that the SEC’s disclosure rule on conflict minerals applies to their companies, and this mostly consisted of large caps, mid caps, and nonfinancial services companies. Of these, about one-half said it is a topic on the audit committee agenda.

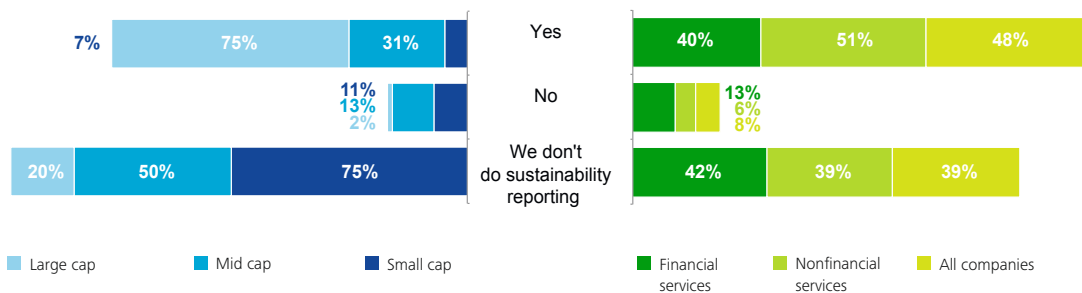
Companies making political contributions remains static, except at small caps

Compared to results from the 2012 report, there is little change among large and mid cap companies that make political contributions, at 71 percent and 37 percent, respectively. However, small cap companies making political contributions decreased by 9 percentage points, to 8 percent. Among large caps, it is common to charge a specific board committee with oversight of such contributions, while small cap companies assign the duty to the full board or a board committee.

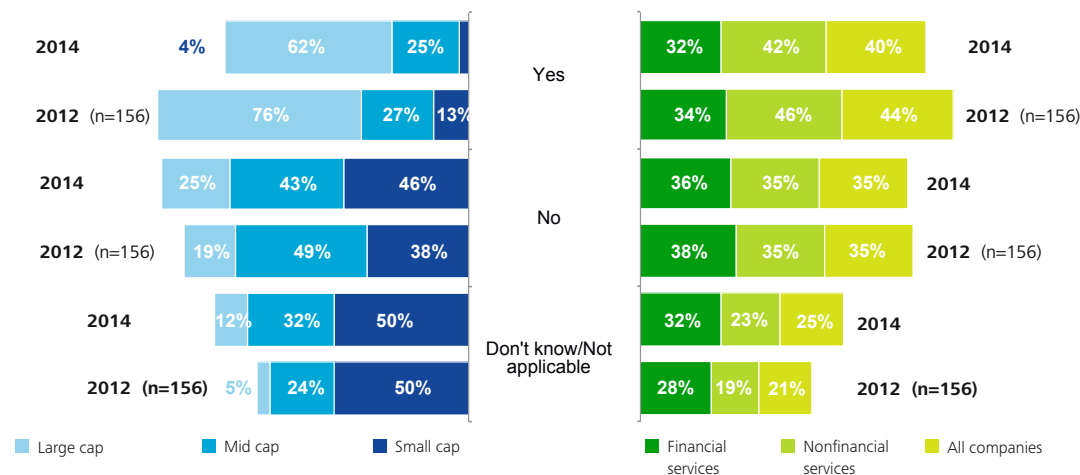
The shareholder proposals related to political issues in 2014 were commonly related to increased disclosure on political spending and/or lobbying costs and, in some cases, called for an advisory vote or prohibition on political spending. Twenty-two percent of respondents said they disclose the amount their company spends on lobbying and another 28 percent said they disclose membership in trade associations that may make political contributions with some limitations.

Respondents answering “Don’t know/Not applicable” were as follows: 3% large cap, 6% mid cap, 7% small cap, 6% financial services, 5% nonfinancial services, and 5% all companies.

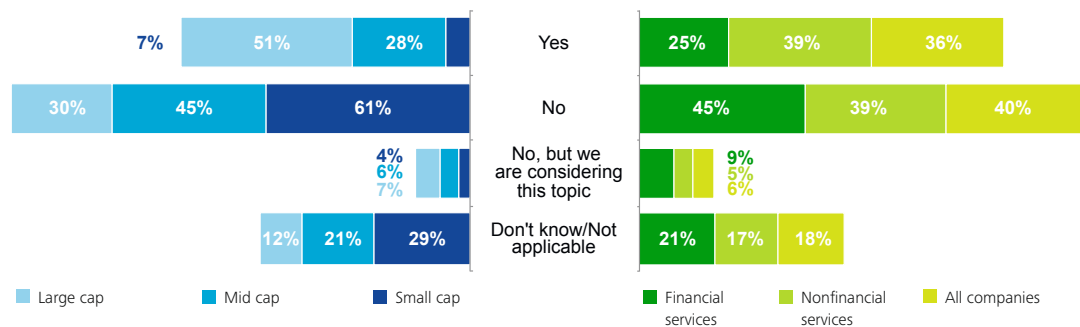
78. Is your company’s corporate social responsibility or sustainability report available on its website?



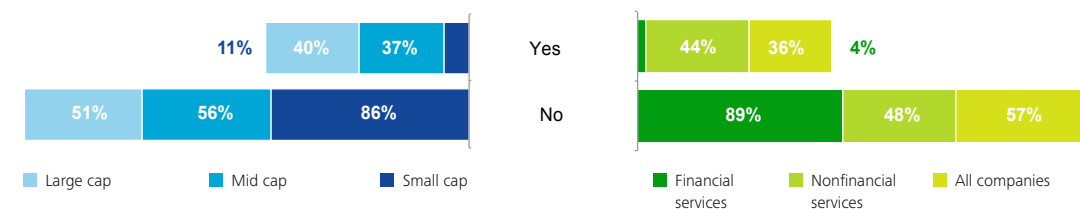
79. Is the board and/or a board committee involved in the oversight of the company's corporate social responsibility or sustainability effort and related public disclosures?



80. In the past year, has your company's strategy incorporated new sustainability initiatives?



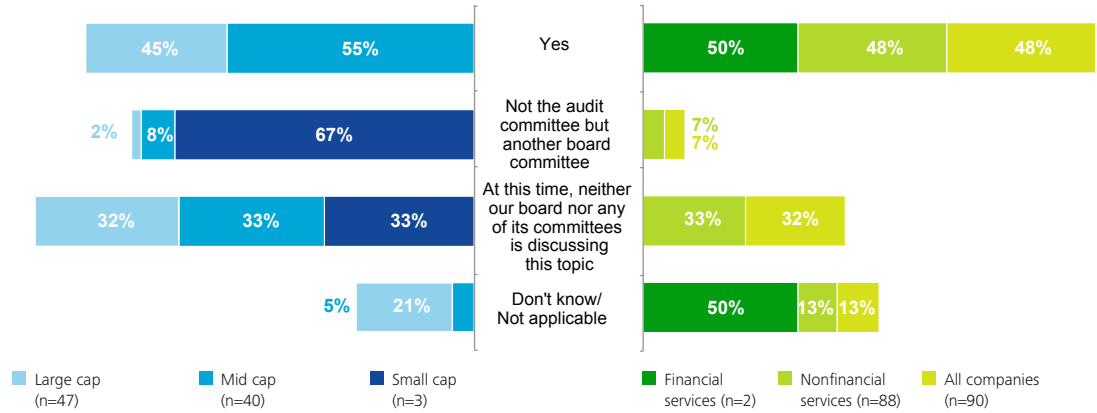
81. Does the new SEC conflict minerals disclosure rule apply to you?



Respondents answering "Don't know/Not applicable" were as follows: 9% large cap, 7% mid cap, 4% small cap, 8% financial services, 8% nonfinancial services, and 8% all companies.

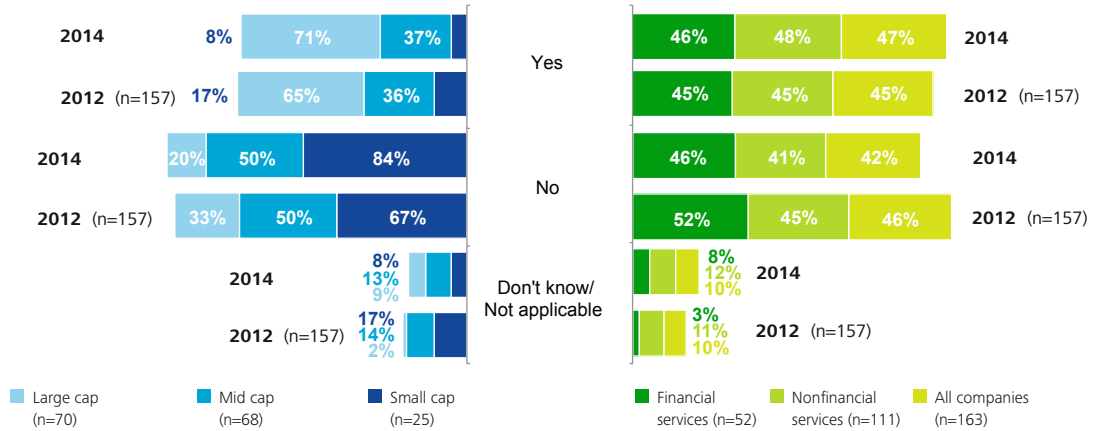
Less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

81a. Is conflict minerals reporting regularly included on the audit committee's agenda?



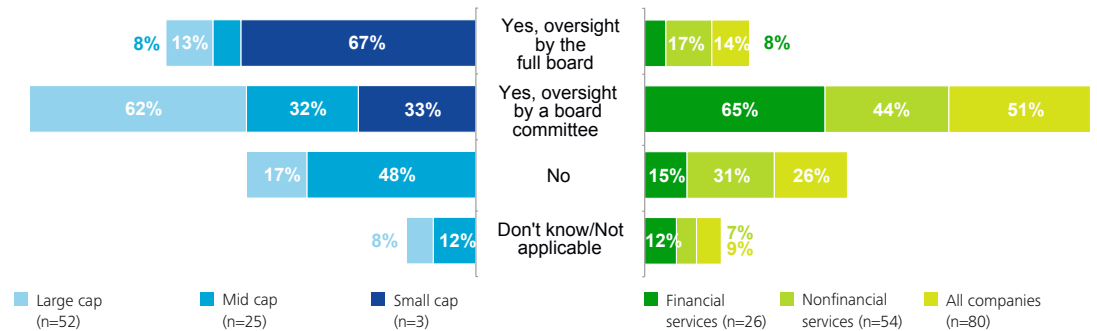
Less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

82. Does your company make political contributions?

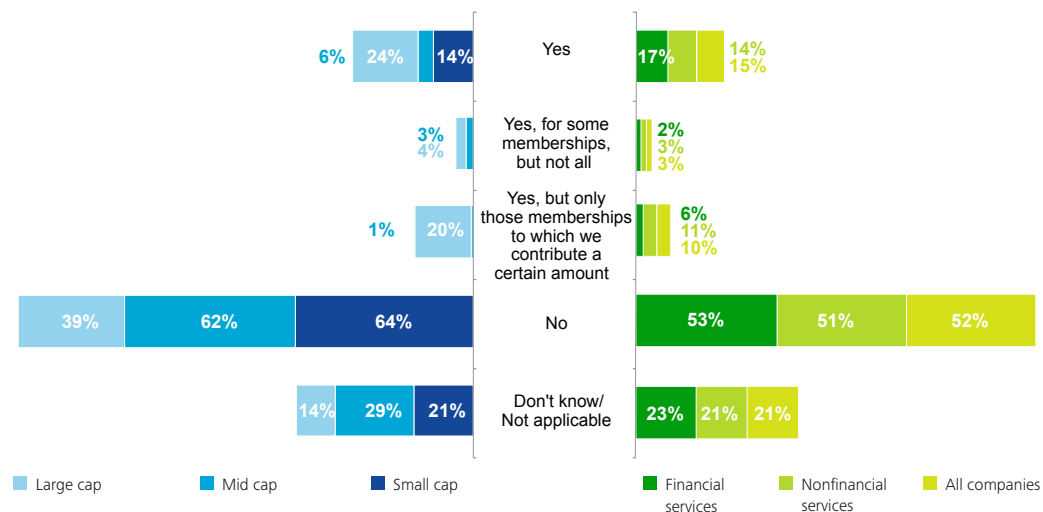


Less than the full survey population responded to this question; therefore, 'n' values are provided in the chart legend.

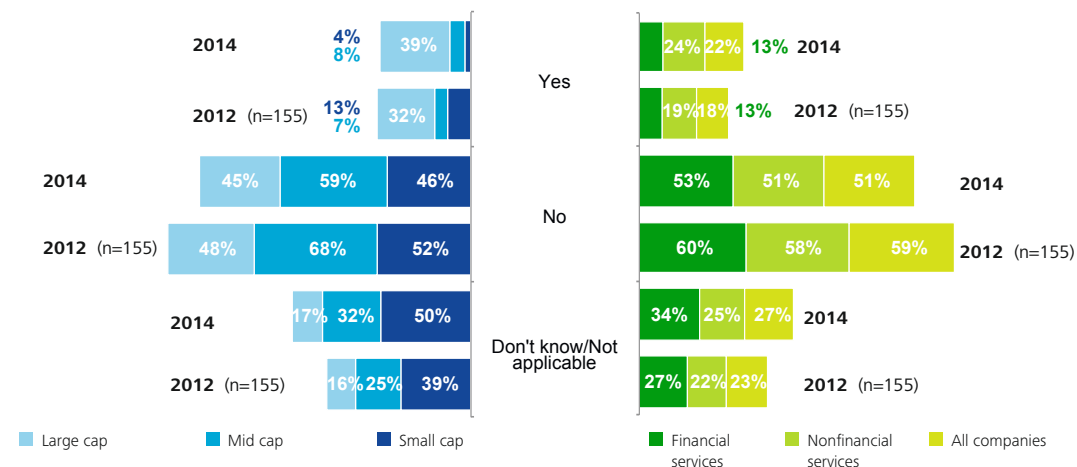
82a. Does your company's board or a board committee oversee such contributions?



83. Does your company disclose membership in trade associations that may make independent political expenditures?



84. Does your company disclose the amount spent on lobbying?



Compliance, culture, and setting the tone at the top

A variety of approaches to setting the tone at the top

Results show that companies are employing a number of tactics to help create a tone at the top and foster a culture that supports professionalism and integrity. In addition to a code of ethics or conduct, more than 50 percent provide other communications, such as newsletters and break room postings, town hall meetings, and trainings. The audit committee is most often tasked with oversight of the company compliance-related activities across all of those surveyed, but a quarter of small cap companies said the full board oversees compliance activities.

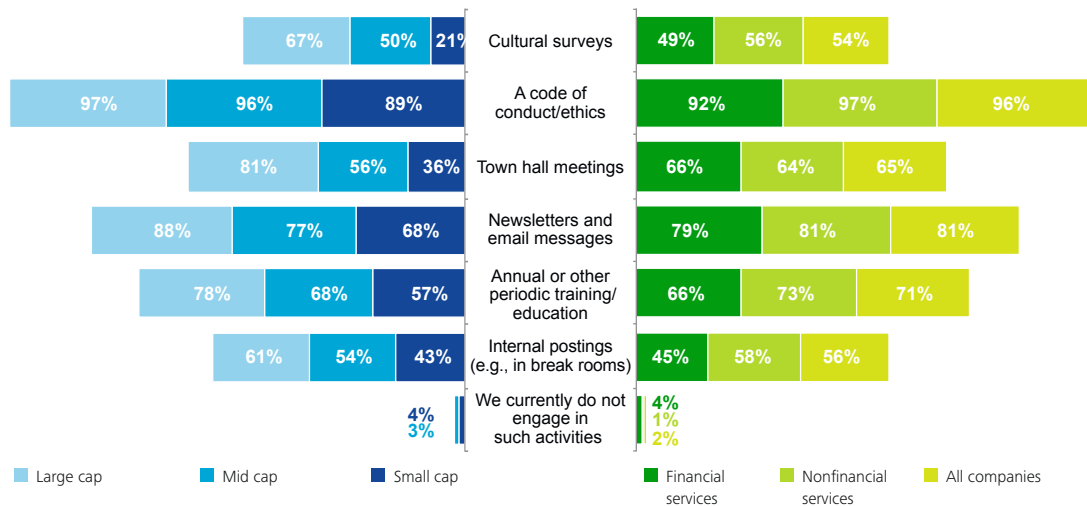
Compliance oversight and education practices

The board should consider maintaining a view of the organization’s culture through hands-on observation and consultation with management, as well as regular reporting on a variety of cultural topics. The type of reporting provided to the board was spread across a variety of areas. Reporting on compliance violations, issues tracking and resolution, and compliance program performance were most common topics at the large and mid cap companies. For small cap companies, the most common topics were compliance violations, regulatory compliance, and reports on new regulations.

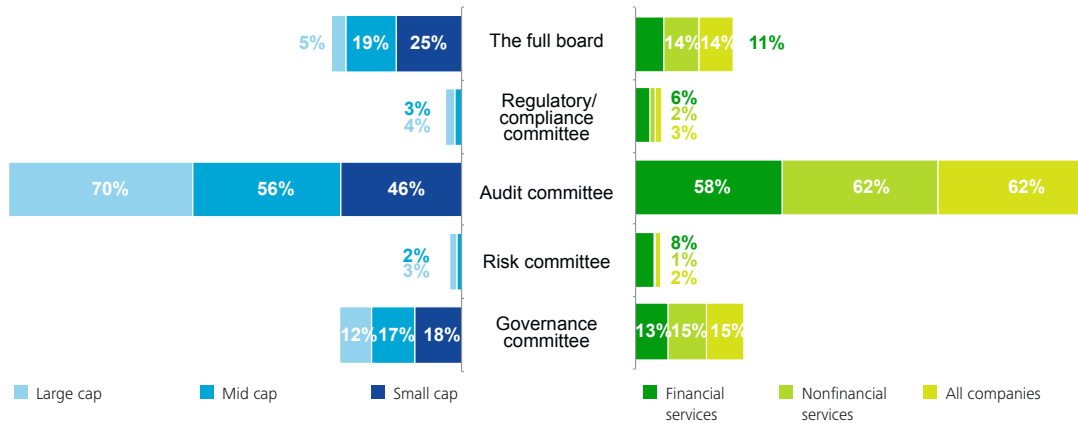
Respondents answering “Other” were as follows: 4% large cap, 0% mid cap, 4% small cap, 4% financial services, 2% nonfinancial services, and 2% all companies.

Respondents answering “Don’t know/Not applicable” were as follows: 1% large cap, 0% mid cap, 4% small cap, 2% financial services, 1% nonfinancial services, and 1% all companies.

85. Which activity does your company engage in to create tone at the top of the company? (Select all that apply)



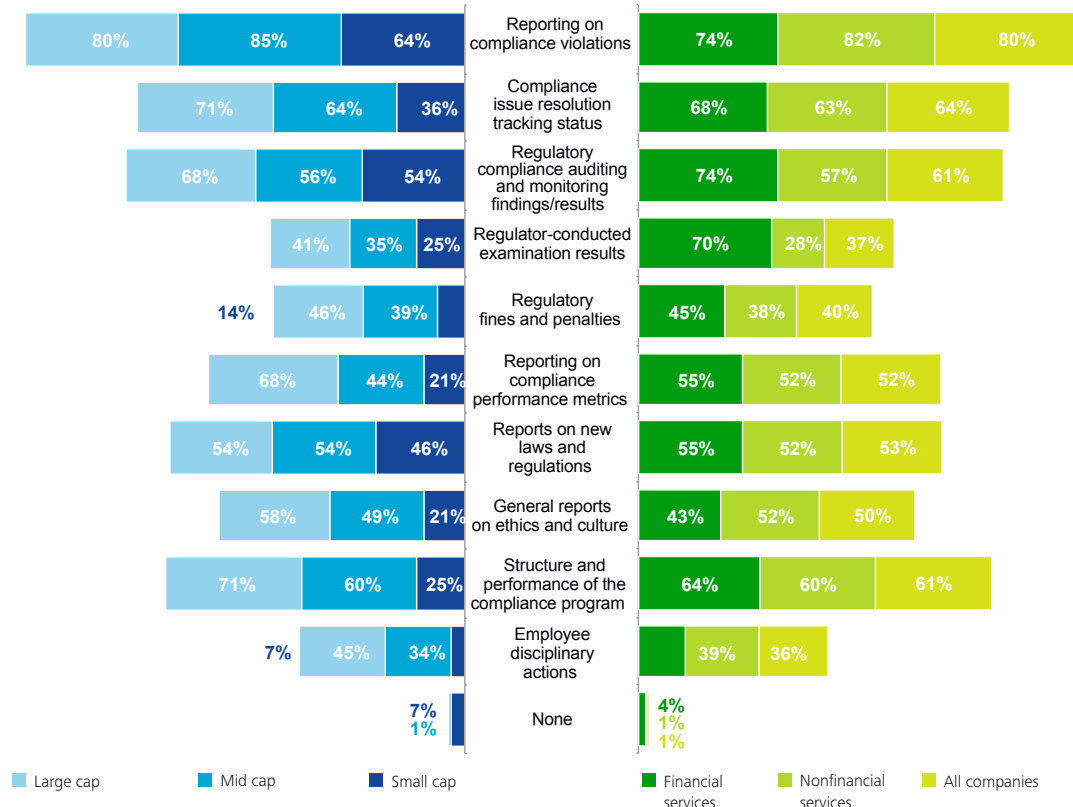
86. Who is primarily responsible for the oversight of the compliance program at the board level?



Respondents answering "Other" were as follows: 5% large cap, 0% mid cap, 4% small cap, 2% financial services, 3% nonfinancial services, and 3% all companies.

Respondents answering "Don't know/Not applicable" were as follows: 1% large cap, 3% mid cap, 7% small cap, 2% financial services, 3% nonfinancial services, and 2% all companies.

87. What type of compliance program reporting does your company (or chief compliance officer) provide to the board and/or executive management? (Select all that apply)

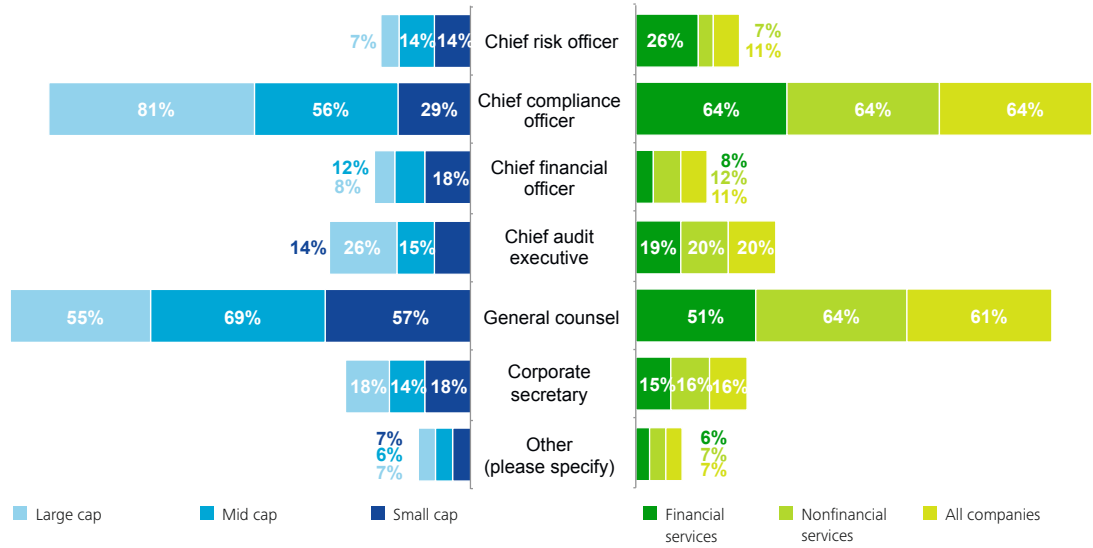


Respondents answering "Other" were as follows: 1% large cap, 3% mid cap, 7% small cap, 2% financial services, 3% nonfinancial services, and 2% all companies.

Respondents answering "Don't know/Not applicable" were as follows: 11% large cap, 5% mid cap, 11% small cap, 9% financial services, 8% nonfinancial services, and 8% all companies.

Respondents answering "Don't know/Not applicable" were as follows: 1% large cap, 0% mid cap, 0% small cap, 0% financial services, 1% nonfinancial services, and 0% all companies.

88. Which individual(s) are responsible for reporting ethics and compliance matters to the board? (Select all that apply)



Concluding question

Board priorities in 2015: strategy, risk, board composition

These are interesting times for U.S. companies and the board and management teams that lead them. They need to navigate myriad issues and topics, including difficult economic and political environments, international unrest, and an uptick in startups and disruptive technologies, which challenge their competitiveness and opportunities for growth. As they head into 2015, the individuals surveyed said that the top three areas of board focus will be strategy, risk, and board composition, followed by succession planning and cyber security.

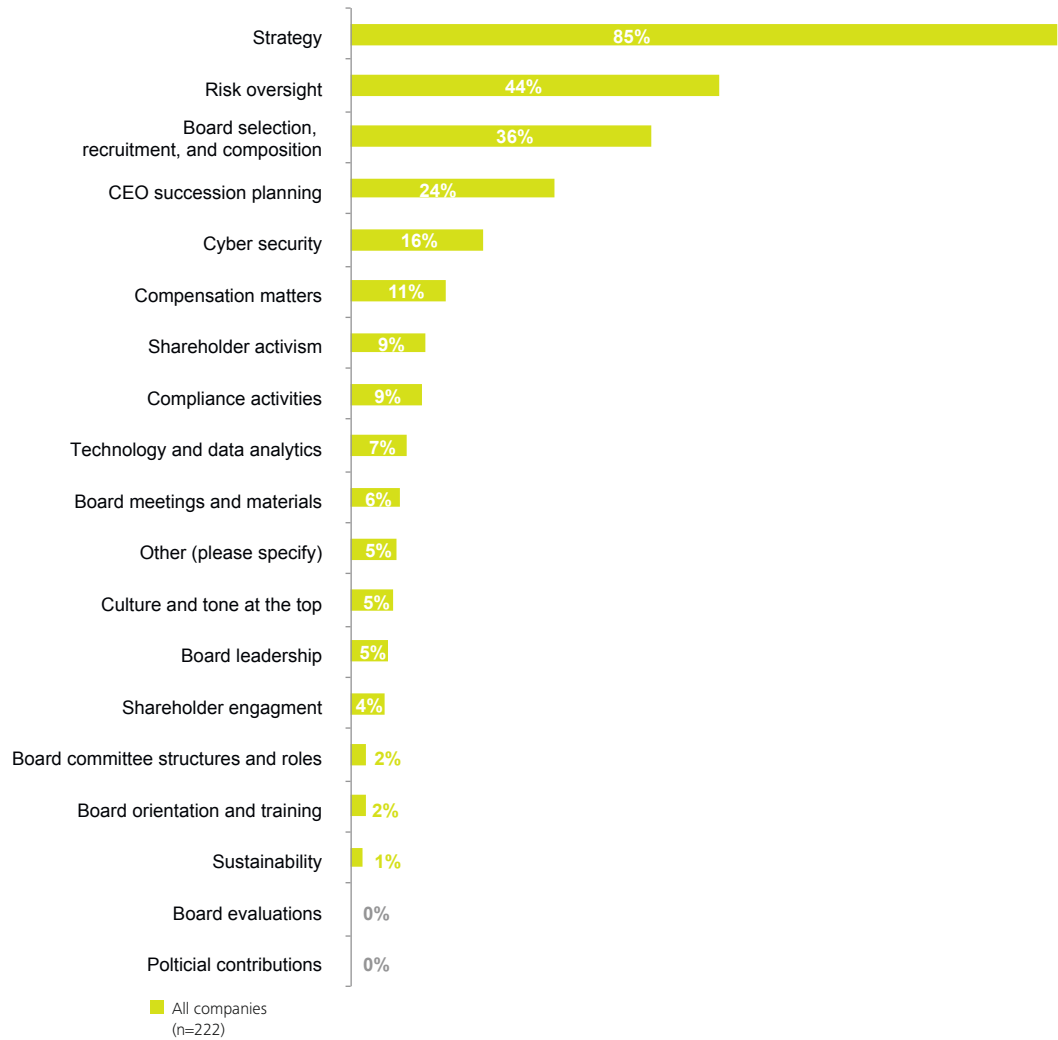
A large majority of respondents (85 percent) chose strategy as the top focus area. The next-highest selection of 44 percent went to risk oversight. The two topics go hand-in-hand as boards remain vigilant and focused on monitoring strategy and related metrics and alternatives, while also overseeing and mitigating risks to the strategy and the business itself (e.g., operational and reputational risks).

Next on the list of board priorities in 2015 is board composition, according to 36 percent of survey respondents. Amid pressure from shareholders, boards should consider placing greater consideration on recruitment efforts, particularly on recruiting diverse board members (e.g., diversity of thought, race, and gender) while also considering director tenure and how it influences overall board composition and independence.

Rounding out the top five focus areas for 2015 were CEO succession planning, noted by 24 percent of respondents, and cyber security, at 16 percent. Formalizing and documenting CEO succession plans is a leading board practice. As we move further into the digital age, the potential for hackers to gain access to confidential customer and employee data and other intellectual property assets increases. Not surprisingly, boards are talking more about cyber security, and it is likely that the CISO (or equivalent) may have a more active role in the boardroom.

89. Considering the topics included in this survey, which will be the top three areas of focus for your board in the next year?

Participants were asked to make three selections



Selection	Small cap (n=26)	Mid cap (n=98)	Large cap (n=98)	FSI (n=49)	Non-FSI (n=173)	All companies (n=222)
Strategy	77%	84%	88%	76%	87%	85%
Risk oversight	58%	43%	42%	61%	39%	44%
Board selection, recruitment, and composition	35%	32%	41%	37%	36%	36%
CEO succession planning	19%	24%	26%	22%	25%	24%
Cyber security	8%	21%	12%	10%	17%	16%
Compensation matters	8%	12%	11%	4%	13%	11%
Shareholder activism	12%	7%	10%	8%	9%	9%
Compliance activities	4%	10%	8%	16%	6%	9%
Technology and data analytics	12%	5%	7%	8%	6%	7%
Board meetings and materials	12%	2%	8%	8%	5%	6%
Other (please specify)	12%	7%	2%	6%	5%	5%
Culture and tone at the top	4%	4%	6%	4%	5%	5%
Board leadership	4%	6%	3%	2%	5%	5%
Shareholder engagement	12%	2%	4%	10%	2%	4%
Board committee structures and roles	4%	2%	1%	2%	2%	2%
Board orientation and training	0%	0%	4%	0%	2%	2%
Sustainability	0%	2%	1%	0%	2%	1%
Board evaluations	0%	0%	0%	0%	0%	0%
Political contributions	0%	0%	0%	0%	0%	0%

Appendix

Appendix A — Question 27

27. Please complete the following table with regard to the specific committee practices of your board.

Audit Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	69	100%	71	99%	18	95%	35	97%	123	99%	158	99%
	No	0	0%	1	1%	1	5%	1	3%	1	1%	2	1%
Number of members	1-4	32	46%	48	68%	12	58%	21	58%	71	58%	92	58%
	5-9	37	54%	23	32%	7	42%	15	42%	52	42%	67	42%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Meeting frequency (number of meetings annually)	1-3	0	0%	0	0%	2	1%	2	6%	0	0%	2	1%
	4-6	16	23%	35	49%	11	39%	15	42%	47	38%	62	39%
	7-9	32	46%	30	42%	6	43%	11	31%	57	46%	68	43%
	≥10	21	30%	6	8%	0	17%	8	22%	19	15%	27	17%
Average length of meetings (hours)	<2	26	38%	23	32%	11	58%	12	33%	48	39%	60	38%
	2-3	38	55%	46	65%	8	42%	20	56%	72	59%	92	58%
	>3	5	7%	2	3%	0	0%	4	11%	3	2%	7	4%

Compensation Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	113	99%	107	99%	25	96%	51	98%	194	99%	245	99%
	No	1	1%	1	1%	1	4%	1	2%	2	1%	3	1%
Number of members	1-4	55	49%	81	76%	17	65%	32	62%	121	62%	153	62%
	5-9	57	50%	26	24%	9	35%	19	37%	73	38%	92	37%
	≥10	1	1%	0	0%	0	0%	1	2%	0	0%	1	0%
Meeting frequency (number of meetings annually)	1-3	4	4%	14	13%	4	15%	6	12%	16	8%	22	9%
	4-6	74	67%	76	72%	18	69%	27	54%	141	73%	168	69%
	7-9	26	23%	16	15%	3	12%	12	24%	33	17%	45	19%
	≥10	7	6%	0	0%	1	4%	5	10%	3	2%	8	3%
Average length of meetings (hours)	<2	42	38%	61	58%	19	73%	27	54%	95	49%	122	50%
	2-3	63	57%	40	38%	7	27%	18	36%	92	48%	110	45%
	>3	6	5%	4	4%	0	0%	5	10%	5	3%	10	4%

Complete results for question 27

Nominating/Corporate Governance Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	112	98%	104	98%	25	96%	50	96%	191	98%	241	98%
	No	2	2%	2	2%	1	4%	2	4%	3	2%	5	2%
Number of members	1-4	56	50%	79	76%	20	77%	33	65%	122	64%	155	64%
	5-9	54	48%	25	24%	6	23%	17	33%	68	36%	85	35%
	≥10	2	2%	0	0%	0	0%	1	2%	1	1%	2	1%
Meeting frequency (number of meetings annually)	1-3	13	12%	30	29%	15	58%	16	33%	42	22%	58	24%
	4-6	85	77%	68	66%	10	38%	28	57%	135	71%	163	68%
	7-9	12	11%	4	4%	1	4%	5	10%	12	6%	17	7%
	≥10	0	0%	1	1%	0	0%	0	0%	1	1%	1	0%
Average length of meetings (hours)	<2	81	74%	84	83%	24	92%	41	84%	148	79%	189	80%
	2-3	29	26%	17	17%	2	8%	8	16%	40	21%	48	20%
	>3	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

Executive Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	42	45%	35	43%	11	50%	32	65%	56	38%	88	45%
	No	52	55%	46	57%	11	50%	17	35%	92	62%	109	55%
Number of members	1-4	16	36%	23	64%	7	58%	14	41%	32	55%	46	50%
	5-9	27	61%	12	33%	5	42%	19	56%	25	43%	44	48%
	≥10	1	2%	1	3%	0	0%	1	3%	1	2%	2	2%
Meeting frequency (number of meetings annually)	1-3	26	81%	20	87%	8	67%	21	72%	33	87%	54	81%
	4-6	3	9%	1	4%	2	17%	3	10%	3	8%	6	9%
	7-9	0	0%	1	4%	0	0%	1	3%	0	0%	1	1%
	≥10	3	9%	1	4%	2	17%	4	14%	2	5%	6	9%
Average length of meetings (hours)	<2	26	84%	23	96%	11	92%	25	86%	35	92%	60	90%
	2-3	5	16%	0	0%	1	8%	3	10%	3	8%	6	9%
	>3	0	0%	1	4%	0	0%	1	3%	0	0%	1	1%

Risk Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	24	28%	8	11%	2	13%	24	59%	10	8%	34	20%
	No	62	72%	62	89%	14	88%	17	41%	121	92%	138	80%
Number of members	1-4	10	42%	7	88%	1	50%	12	50%	6	60%	18	53%
	5-9	12	50%	1	13%	1	50%	10	42%	4	40%	14	41%
	≥10	2	8%	0	0%	0	0%	2	8%	0	0%	2	6%
Meeting frequency (number of meetings annually)	1-3	2	9%	2	25%	0	0%	0	0%	4	40%	4	12%
	4-6	11	48%	4	50%	2	100%	13	57%	4	40%	17	52%
	7-9	6	26%	0	0%	0	0%	5	22%	1	10%	6	18%
	≥10	4	17%	2	25%	0	0%	5	22%	1	10%	6	18%
Average length of meetings (hours)	<2	6	26%	3	38%	2	100%	8	35%	3	30%	11	33%
	2-3	11	48%	5	63%	0	0%	9	39%	7	70%	16	48%
	>3	6	26%	0	0%	0	0%	6	26%	0	0%	6	18%

Finance Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	56	60%	33	39%	5	28%	13	33%	81	52%	94	48%
	No	38	40%	52	61%	13	72%	27	68%	76	48%	103	52%
Number of members	1-4	24	43%	24	71%	3	60%	8	57%	43	53%	51	54%
	5-9	31	55%	10	29%	2	40%	5	36%	38	47%	43	45%
	≥10	1	2%	0	0%	0	0%	1	7%	0	0%	1	1%
Meeting frequency (number of meetings annually)	1-3	10	19%	11	32%	1	20%	2	15%	20	25%	22	24%
	4-6	29	54%	17	50%	2	40%	7	54%	41	51%	48	52%
	7-9	11	20%	4	12%	1	20%	3	23%	13	16%	16	17%
	≥10	4	7%	2	6%	1	20%	1	8%	6	8%	7	8%
Average length of meetings (hours)	<2	30	56%	20	59%	3	60%	9	69%	44	55%	53	57%
	2-3	22	41%	10	29%	2	40%	3	23%	31	39%	34	37%
	>3	2	4%	4	12%	0	0%	1	8%	5	6%	6	6%

Complete results for question 27

Investment Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	12	15%	9	13%	4	22%	15	37%	10	8%	25	15%
	No	69	85%	59	87%	14	78%	26	63%	116	92%	142	85%
Number of members	1-4	4	33%	3	38%	0	0%	5	33%	2	20%	7	28%
	5-9	7	58%	4	50%	4	80%	7	47%	8	80%	15	60%
	≥10	1	8%	1	13%	1	20%	3	20%	0	0%	3	12%
Meeting frequency (number of meetings annually)	1-3	4	36%	1	14%	0	0%	1	8%	4	40%	5	23%
	4-6	7	64%	4	57%	4	100%	9	75%	6	60%	15	68%
	7-9	0	0%	1	14%	0	0%	1	8%	0	0%	1	5%
	≥10	0	0%	1	14%	0	0%	1	8%	0	0%	1	5%
Average length of meetings (hours)	<2	4	40%	6	86%	3	75%	6	46%	7	88%	13	62%
	2-3	6	60%	0	0%	1	25%	6	46%	1	13%	7	33%
	>3	0	0%	1	14%	0	0%	1	8%	0	0%	1	5%

Strategy Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	3	4%	3	4%	3	18%	6	17%	3	2%	9	6%
	No	73	96%	64	96%	14	82%	29	83%	122	98%	151	94%
Number of members	1-4	0	0%	1	33%	0	0%	0	0%	1	33%	1	13%
	5-9	1	50%	2	67%	2	67%	3	60%	2	67%	5	63%
	≥10	1	50%	0	0%	1	33%	2	40%	0	0%	2	25%
Meeting frequency (number of meetings annually)	1-3	0	0%	1	33%	2	67%	2	40%	1	33%	3	38%
	4-6	2	100%	2	67%	1	33%	3	60%	2	67%	5	63%
	7-9	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Average length of meetings (hours)	<2	0	0%	1	33%	2	67%	1	25%	2	67%	3	43%
	2-3	1	100%	0	0%	1	33%	2	50%	0	0%	2	29%
	>3	0	0%	2	67%	0	0%	1	25%	1	33%	2	29%

Regulatory and Compliance Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	10	13%	3	5%	3	19%	7	20%	9	7%	16	10%
	No	67	87%	63	95%	13	81%	28	80%	115	93%	143	90%
Number of members	1-4	5	56%	2	67%	2	67%	5	83%	4	44%	9	60%
	5-9	4	44%	1	33%	1	33%	1	17%	5	56%	6	40%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Meeting frequency (number of meetings annually)	1-3	0	0%	1	33%	1	33%	0	0%	2	22%	2	13%
	4-6	8	89%	0	0%	2	67%	5	83%	5	56%	10	67%
	7-9	1	11%	1	33%	0	0%	0	0%	2	22%	2	13%
	≥10	0	0%	1	0%	0	0%	1	17%	0	0%	1	0%
Average length of meetings (hours)	<2	2	22%	3	100%	3	100%	4	67%	4	44%	8	53%
	2-3	6	67%	0	0%	0	0%	2	33%	4	44%	6	40%
	>3	1	11%	0	0%	0	0%	0	0%	1	11%	1	7%

Public Policy Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	15	20%	0	0%	0	0%	3	9%	12	50%	15	9%
	No	61	80%	66	100%	16	100%	32	91%	111	50%	143	91%
Number of members	1-4	8	53%	0	0%	0	0%	2	50%	6	0%	8	50%
	5-9	7	47%	0	0%	1	100%	2	50%	6	0%	8	50%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Meeting frequency (number of meetings annually)	1-3	5	33%	0	0%	0	0%	1	33%	4	33%	5	33%
	4-6	10	67%	0	0%	0	0%	2	67%	8	67%	10	67%
	7-9	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Average length of meetings (hours)	<2	13	87%	0	0%	0	0%	3	100%	10	83%	13	87%
	2-3	2	13%	0	0%	0	0%	0	0%	2	17%	2	13%
	>3	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

Complete results for question 27

Cyber security and IT Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	4	5%	2	3%	1	6%	4	11%	3	2%	7	4%
	No	72	95%	64	97%	15	94%	31	89%	120	98%	151	96%
Number of members	1-4	3	75%	0	0%	1	50%	4	80%	2	0%	4	57%
	5-9	1	25%	1	100%	1	50%	1	20%	0	100%	3	43%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Meeting frequency (number of meetings annually)	1-3	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	4-6	4	100%	1	100%	1	100%	4	100%	2	100%	6	100%
	7-9	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Average length of meetings (hours)	<2	1	25%	0	0%	1	100%	2	50%	0	0%	2	33%
	2-3	3	75%	0	0%	0	0%	2	50%	1	50%	3	50%
	>3	0	0%	1	100%	0	0%	0	0%	1	50%	1	17%

Sustainability Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	8	11%	4	6%	0	0%	3	9%	9	7%	12	8%
	No	68	89%	63	94%	16	100%	31	91%	116	93%	147	92%
Number of members	1-4	3	38%	1	50%	0	0%		0%	4	50%	4	36%
	5-9	5	63%	1	50%	1	100%	3	100%	4	50%	7	64%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Meeting frequency (number of meetings annually)	1-3	3	38%	1	50%	0	0%	1	50%	3	38%	4	40%
	4-6	5	63%	1	50%	0	0%	1	50%	5	63%	6	60%
	7-9	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Average length of meetings (hours)	<2	4	50%	2	100%	0	0%	1	50%	5	63%	6	60%
	2-3	4	50%	0	0%	0	0%	1	50%	3	38%	4	40%
	>3	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

Science and Technology Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	16	20%	5	7%	1	6%	2	6%	20	15%	22	13%
	No	64	80%	63	93%	16	94%	32	94%	111	85%	143	87%
Number of members	1-4	6	43%	3	60%	1	50%	1	50%	9	47%	10	48%
	5-9	7	50%	2	40%	1	50%	1	50%	9	47%	10	48%
	≥10	1	7%	0	0%	0	0%	0	0%	1	5%	1	5%
Meeting frequency (number of meetings annually)	1-3	8	57%	1	20%	0	0%	1	100%	8	42%	9	45%
	4-6	6	43%	4	80%	0	0%	0	0%	10	53%	10	50%
	7-9	0	0%	0	0%	1	100%	0	0%	1	5%	1	5%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Average length of meetings (hours)	<2	4	29%	3	60%	1	100%	0	0%	8	42%	8	40%
	2-3	6	43%	1	20%	0	0%	1	100%	6	32%	7	35%
	>3	4	29%	1	20%	0	0%	0	0%	5	26%	5	25%

Safety Committee		Large cap		Mid cap		Small cap		FSI		Non-FSI		All companies	
		n	%	n	%	n	%	n	%	n	%	n	%
Is this a standing committee?	Yes	11	14%	6	9%	1	6%	1	3%	17	13%	18	11%
	No	65	86%	64	91%	15	94%	32	97%	112	87%	144	89%
Number of members	1-4	3	25%	4	67%	0	0%	0	0%	7	39%	7	37%
	5-9	9	75%	2	33%	1	100%	1	100%	11	61%	12	63%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Meeting frequency (number of meetings annually)	1-3	3	25%	3	50%	0	0%	0	0%	6	33%	6	32%
	4-6	8	67%	2	33%	1	100%	1	100%	10	56%	11	58%
	7-9	1	8%	1	17%	0	0%	0	0%	2	11%	2	11%
	≥10	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Average length of meetings (hours)	<2	4	40%	4	67%	1	100%	1	100%	8	50%	9	53%
	2-3	6	60%	2	33%	0	0%	0	0%	8	50%	8	47%
	>3	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

Appendix B — 2014 Board practices survey questionnaire

2014 Board Practices Survey

Note: Unless noted otherwise, please choose one answer for each survey question.

Company Profile

- Please specify your company's industry:**
 - Consumer & Industrial Products (e.g., aerospace, automotive, retail, distribution, manufacturing, travel, leisure)
 - Energy & Resources
 - Financial Services (e.g., banking and securities, insurance, private equity, hedge funds, mutual funds, real estate)
 - Life Sciences & Health Care
 - Technology, Media & Telecommunications (e.g., entertainment)
 - Other, please specify:
- Please provide your ticker symbol:** _____
- Please indicate your company's market cap as of December 31, 2013:**
 - Large-cap: > \$10 billion
 - Mid-cap: ≥ \$700 million to ≤ \$10 billion
 - Small-cap: < \$700 million

Board Practices

Board Selection, Recruitment, and Composition

Note: For all questions in this section, please do not consider honorary and emeritus directors in your responses.

- What is your current board size?**
 - 5 members
 - 6 members
 - 7 members
 - 8 members
 - 9 members
 - 10 members
 - 11 members
 - 12 members
 - 13 members
 - 14 members
 - 15 members
 - Greater than 15 members
 - Don't know/Not applicable
- How has your board size changed over the past year?**
 - Increased
 - Decreased
 - No change
 - Don't know/Not applicable
- What is the average tenure of all non-management members of your board?**
 - Company is younger than 4 years old
 - <4 years
 - 5-7 years
 - 8 years
 - 9 years
 - 10 years
 - 11-13 years
 - >13 years
 - Don't know/Not applicable
- How long has your longest non-management director been a member of your board?**
 - <4 years
 - 5-7 years
 - 8-10 years
 - 11-13 years
 - >13 years
 - Don't know/Not applicable
- When did the most recent director join your board?**
 - Within the past year
 - One year ago
 - Two years ago
 - Three years ago
 - More than three years ago
 - Don't know/Not applicable
- What percentage of board members are women?**
 - Up to 25%
 - 26%-50%
 - 51%-75%
 - More than 75%
 - Don't know/Not applicable
- Compared to last year, have you had an increase in the number of women directors serving on your board?**
 - Yes
 - No
 - Don't know/Not applicable
- What percentage of board members are minorities?**
 - Up to 25%
 - 26%-50%
 - 51%-75%
 - More than 75%
 - Don't know/Not applicable
- Compared to last year, have you had an increase in the number of minority directors serving on your board?**
 - Yes
 - No
 - Don't know/Not applicable
- What is the age of the youngest director currently serving on your board?**
 - 25 or under
 - 26-30
 - 31-40
 - 41-50
 - Over 50
 - Don't know/Not applicable

- 14. What will be the most desired skills and experience needed to contribute to your board's success in the next two years?** (Select up to three choices)
 - Board committee (e.g., audit, compensation, nominating/corporate governance, or risk)
 - Please specify:
 - C-level (e.g., CEO, CFO, COO, CIO, or CTO)
 - Please specify:
 - Corporate governance
 - Cybersecurity
 - Engineering
 - Ethics and compliance
 - Financial services
 - Human resources
 - Industry (similar to respective company)
 - International business exposure
 - Marketing and/or public relations
 - Mergers and acquisitions
 - Operations
 - Outside board service (e.g., public, private, nonprofit)
 - Please specify:
 - Proficiency in shareholder and investor communications
 - Research and development
 - Risk management
 - Scientific
 - Sustainability (including environmental, social, and governance issues)
 - Technology/IT
 - Other, please specify:
 - Don't know/Not applicable
- 15. What triggers drove any recent, or pending, change in your board composition?** (Select all that apply)
 - Retirement of existing director(s)
 - Resignation of existing director(s)
 - Need for specialized knowledge
 - Decline in board effectiveness
 - Diversity
 - New regulation
 - Enforcement actions
 - Significant growth (organic or acquisition-based)
 - Post-merger integration
 - Spinoff/initial public offering
 - Shareholder activism
 - Orderly/planned succession to keep board fresh
 - Other, please specify:
 - Don't know/Not applicable
- 16. Is your board classified?**
 - Yes
 - No
 - Don't know/Not applicable

- 17. For uncontested director elections, has your company implemented majority voting?**
 - Yes
 - No
 - Don't know/Not applicable
- 18. Which of the following describes your board's timeline and practices related to director recruitment?** (Select all that apply)
 - We identify potential director candidates at all times in a continuous recruitment effort
 - We identify potential director candidates only when there is a clear opening on the board
 - We keep an executive-board director recruiting firm on retainer at all times
 - We use an executive/board director recruiting firm when needed
 - We use human resources or other management to identify candidates
 - We look to recommendations made by other directors
 - We use a board skills matrix or similar tool
 - Other, please specify:
 - Don't know/Not applicable
- 19. Does your board have any of the following refreshment policies?** (Select all that apply)
 - Term limits
 - Age limits
 - Loss of independent status after a prescribed number of years
 - Other board tenure conditions/restrictions
 - Don't know/Not applicable
- 19a. Please specify the term:**
 - 6 years or less
 - 7-10 years
 - 11-15 years
 - More than 15 years
 - Don't know/Not applicable
- 19b. Please specify the required retirement age:**
 - ≥70
 - 71
 - 72
 - 73
 - 74
 - 75
 - 76
 - 77
 - 78
 - >78
 - Don't know/Not applicable
- Board Leadership**
- 20. Which of the following best describes your board leadership structure?**
 - The chairman and CEO roles are combined
 - The chairman and CEO roles are combined and we have a separate lead or presiding director
 - The chairman and CEO roles are separated

- Other, please specify:
- Don't know/Not applicable

20a. The chairman is also chairman of these committees:

- (Select all that apply)
- Audit committee
 - Nominating/corporate governance committee
 - Compensation committee
 - Executive committee
 - Other, please specify:
 - Don't know/Not applicable

20b. Is your chairman independent?

- Yes
- No
- Don't know/Not applicable

Board Meetings and Materials

21. How many times did the board meet, including special meetings, (whether live or via teleconference/videoconference) in the past full fiscal year?

- <=2
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- >15
- Don't know/Not applicable

22. How many hours does a typical meeting of the full board last? (Do not count time spent on committee meetings.)

- 1-2 hours
- 3-5 hours
- 6-8 hours
- 9-10 hours
- More than 10 hours
- Don't know/Not applicable

23. How many days in advance are board meeting materials provided to board members?

- Less than 5 days
- 5 days
- 6-10 days

- More than 10 days
- Don't know/Not applicable

24. Please specify how your company distributes board materials.

- (Select all that apply)
- Through unsecured email, (e.g., Internet)
 - Through secured email, (e.g., company email server)
 - Through an internal or external board portal
 - Through mailing of hard copies
 - In person at board meetings
 - Using an application for tablet devices
 - Don't know/Not applicable

25. The following members of management regularly attend board meetings:

- (Select all that apply)
- Chief accounting officer/controller
 - Chief executive officer
 - Chief financial officer
 - Chief information officer
 - Chief operating officer
 - Chief risk officer
 - Chief technology officer
 - Corporate secretary
 - Assistant corporate secretary
 - General counsel
 - Head of internal audit
 - Heads of business units
 - Investor relations officer
 - Other, please specify:
 - Don't know/Not applicable

26. Does your company permit shareholders to call special shareholder meetings?

- Permitted without any restriction
- Permitted but with minimum ownership threshold percentage
- Not permitted
- Don't know/Not applicable

26a. Specify the threshold percentage:

- <=10%
- 15%
- 20%
- 25%
- 33%
- 50%
- >50%
- Other, please specify:
- Don't know/Not applicable

Board Committee Structures and Roles

27. Please complete the following table with regard to the specific committee practices of your board.

Committee	Is this a standing committee?	Number of members	Meeting frequency (number of meetings annually)	Average length of meetings (hours)
Answer choices:	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> 1-4 <input type="radio"/> 5-9 <input type="radio"/> >10	<input type="radio"/> 1-3 <input type="radio"/> 4-6 <input type="radio"/> 7-9 <input type="radio"/> >10	<input type="radio"/> <2 <input type="radio"/> 2-3 <input type="radio"/> >3
Audit				
Compensation				
Nominating/corporate governance				
Executive				
Risk				
Finance				
Investment				
Strategy				
Regulatory and compliance				
Public policy				
Cybersecurity and IT				
Sustainability				
Science and technology				
Safety				

28. Provide the frequency with which committee chair rotation takes place:

- Annually
- Every 2 years
- Every 3 years
- We do not have a rotation policy
- Other, please specify:
- Don't know/Not applicable

29. Provide the frequency with which committee membership rotation takes place:

- Annually
- Every 2 years
- Every 3 years
- We do not have a rotation policy
- Other, please specify:
- Don't know/Not applicable

Board Orientation and Training

30. Which of the following best describes your board's ongoing director education program?

- (Select all that apply)
- Provided in-house by management
 - Provided in-house by a third party
 - Directors are reimbursed for attendance at public forums or peer group sessions
 - Our board does not have a formal director education program

- Other, please specify:
- Don't know/Not applicable

31. Education for new and existing board directors is provided on these topics:

- (Select all that apply)
- Anti-corruption policies (e.g., FCPA, U.K. Anti-Bribery Act)
 - Company policies
 - Board fiduciary duties and other responsibilities
 - Ethics
 - Financial and liquidity risk
 - Industry-specific topics
 - Insider trading
 - Market risk
 - Political contributions
 - Regulatory issues related to your business
 - Risk oversight
 - Other, please specify:
 - Don't know/Not applicable

Board Evaluations

32. How are your directors evaluated?

- (Select all that apply)
- Full board evaluation led by corporate secretary or other in-house personnel
 - Full board evaluation facilitated by a third party

<ul style="list-style-type: none"> <input type="radio"/> Full board evaluation facilitated by the board chair or other director <input type="radio"/> Individual peer evaluation led by corporate secretary or other in-house personnel <input type="radio"/> Individual peer evaluation led by a third party <input type="radio"/> Directors meet one-on-one with a designated board member <input type="radio"/> Directors evaluate board performance in group discussion <input type="radio"/> Our company does not have a formal director evaluation process <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>Strategy and Risk</p> <p>33. Does your board participate in an offsite strategy retreat with management?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>34. How often does the board discuss strategic objectives?</p> <ul style="list-style-type: none"> <input type="radio"/> Annually <input type="radio"/> Quarterly <input type="radio"/> At every board meeting <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>35. Has the board been briefed on strategic alternatives?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>36. In the past year, has the board received enhanced information on risks associated with your company's strategy?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>37. If risk oversight is shared by multiple committees, how does the board coordinate these activities? (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> Cross membership of the committees <input type="radio"/> Joint meetings <input type="radio"/> Risk presentations repeated at multiple committee meetings <input type="radio"/> Detailed discussions at the full board meeting <input type="radio"/> Sharing of minutes or other committee meeting materials <input type="radio"/> Risk oversight is not shared by multiple committees <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>38. How often does the full board discuss the most significant risks to the company?</p> <ul style="list-style-type: none"> <input type="radio"/> Annually <input type="radio"/> More than once a year <input type="radio"/> Not on our agenda <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable 	<p>39. With regard to capital allocation, which of the following strategies has the board considered this year? (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> Talent acquisition <input type="radio"/> Dividends <input type="radio"/> Stock buybacks <input type="radio"/> Acquisitions <input type="radio"/> Capital expenditures <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>40. If the board is faced with a potential M&A transaction, does it appoint a special committee of the board?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>Audit Committee</p> <p>41. How often does the audit committee meet annually via:</p> <p>In-person meetings</p> <ul style="list-style-type: none"> <input type="radio"/> ≤5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> ≥10 <input type="radio"/> Don't know/Not applicable <p>Teleconference/videoconference</p> <ul style="list-style-type: none"> <input type="radio"/> ≤5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> ≥10 <input type="radio"/> Don't know/Not applicable <p>42. Does your company's audit committee hold a separate meeting to review the earnings release?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Varies depending on timing <input type="radio"/> Don't know/Not applicable <p>43. Which members of management meet with the audit committee? (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> Chief audit executive <input type="radio"/> Chief compliance officer <input type="radio"/> Chief executive officer <input type="radio"/> Chief financial officer <input type="radio"/> Chief risk officer <input type="radio"/> Chief technology/information officer <input type="radio"/> Controller <input type="radio"/> General counsel <input type="radio"/> Treasurer <input type="radio"/> Corporate development officer <input type="radio"/> Other business unit leaders <input type="radio"/> Other, please specify: <p>44. Which of the following describes your company's audit committee education program? (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> Specific education topics are added to regular meeting agendas <input type="radio"/> Separate time (e.g., half-day or full-day session) is devoted to a tailored education program <input type="radio"/> Members attend third-party training <input type="radio"/> No formal education program is in place <input type="radio"/> Don't know/Not applicable <p>45. Over the past year, has your company's audit committee participated in a board training program on these topics? (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> General continuing education <input type="radio"/> Specific board or governance issue <input type="radio"/> A new regulation <input type="radio"/> Risk <input type="radio"/> Ethics and compliance <input type="radio"/> Independent investigations <input type="radio"/> Sustainability risk and disclosure <input type="radio"/> Technical accounting topic <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>46. Does the audit committee conduct performance evaluations of its members?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>47. How often does the audit committee receive reports on internal tips from a compliance hotline?</p> <ul style="list-style-type: none"> <input type="radio"/> Frequently (five or more times a year) <input type="radio"/> Sometimes (two to four times a year) <input type="radio"/> Rarely (once a year) <input type="radio"/> Never <input type="radio"/> Don't know/Not applicable <p>48. In the past year, has your helpline received an increase in tips?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>49. Please specify the limit on your board's audit committee members being able to serve on the audit committees of other companies:</p> <ul style="list-style-type: none"> <input type="radio"/> 1 other audit committee <input type="radio"/> 2 other audit committees <input type="radio"/> 3 other audit committees <input type="radio"/> More than 3 other audit committees <input type="radio"/> We do not have limits <input type="radio"/> Don't know/Not applicable <p>50. Has your company done any benchmarking on its internal audit department (e.g., budget, resources)?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>51. Do your audit committee agendas include a discussion on succession of finance talent?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>52. If you have more than one financial expert on your audit committee, does your company disclose all names in your proxy?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>53. Is your audit committee chair also your financial expert?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>54. Have you considered an increased level of disclosure in audit committee reports beyond what is required?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>Compensation Matters</p> <p>55. Has your company considered supplemental pay-for-performance disclosure, in addition to the summary compensation table, in its proxy statement?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>56. Which board committee oversees your company's clawback policy?</p> <ul style="list-style-type: none"> <input type="radio"/> Full board <input type="radio"/> Compensation committee <input type="radio"/> Nominating/governance committee <input type="radio"/> We do not have a policy <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>57. Has your company established an anti-hedging policy that applies to directors?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> No, but we are considering the establishment of such a policy <input type="radio"/> Don't know/Not applicable <p>Disclosure Committee</p> <p>58. Which of the following individuals are members of your company's management disclosure committee? (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> General counsel <input type="radio"/> Chief audit executive <input type="radio"/> Chief executive officer <input type="radio"/> Chief financial officer <input type="radio"/> Director/manager of financial reporting
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<ul style="list-style-type: none"> <input type="radio"/> Chief risk officer <input type="radio"/> Chief compliance officer <input type="radio"/> Investor relations officer <input type="radio"/> Controller <input type="radio"/> Board/board committee <input type="radio"/> There is no management disclosure committee <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>58a. How often does your management disclosure committee meet?</p> <ul style="list-style-type: none"> <input type="radio"/> Annually <input type="radio"/> Quarterly <input type="radio"/> At each board meeting <input type="radio"/> Only when needed <input type="radio"/> Don't know/Not applicable <p>58b. Who chairs your management disclosure committee?</p> <ul style="list-style-type: none"> <input type="radio"/> General counsel <input type="radio"/> Corporate or securities counsel <input type="radio"/> Chief financial officer/controller <input type="radio"/> Chief risk officer <input type="radio"/> Investment relations officer <input type="radio"/> A member of the internal audit department <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>CEO Succession Planning</p> <p>59. How often does the full board review CEO succession plans?</p> <ul style="list-style-type: none"> <input type="radio"/> More than once a year <input type="radio"/> Once a year <input type="radio"/> Less than once a year <input type="radio"/> Only when a change in circumstance requires <input type="radio"/> Never <input type="radio"/> Don't know/Not applicable <p>60. Who has the primary responsibility over the CEO succession planning process?</p> <ul style="list-style-type: none"> <input type="radio"/> Full board <input type="radio"/> Compensation committee <input type="radio"/> Nominating/corporate governance committee <input type="radio"/> Independent directors <input type="radio"/> Independent chair or lead director <input type="radio"/> CEO <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>61. In the past year, how has the level of disclosure on your succession plan process changed?</p> <ul style="list-style-type: none"> <input type="radio"/> Increased <input type="radio"/> No change <input type="radio"/> We do not disclose our succession planning process <input type="radio"/> Don't know/Not applicable <p>Shareholder Engagement and Shareholder Activism</p> <p>62. Does your company have a policy relating to contact between directors and shareholders</p>	<p>(other than the NYSE communications/Reg. S-K communications disclosure requirements)?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>62a. The policy provides for the following:</p> <ul style="list-style-type: none"> <input type="radio"/> Only independent chair or lead independent director is authorized to speak to shareholders <input type="radio"/> Only independent chair or lead independent director and committee chairs are authorized to speak to shareholders <input type="radio"/> Any director can speak to shareholders <input type="radio"/> No director is authorized to speak to shareholders <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>63. What percentage of your company shareholders did the corporate secretary, the board, or senior management interact with over the past year?</p> <ul style="list-style-type: none"> <input type="radio"/> None <input type="radio"/> 1%-5% <input type="radio"/> 6%-10% <input type="radio"/> 11%-15% <input type="radio"/> 16%-20% <input type="radio"/> >20% <input type="radio"/> Don't know/Not applicable <p>64. Have members of your board had direct contact with shareholder(s) or shareholder groups over the past year?</p> <ul style="list-style-type: none"> <input type="radio"/> No board member had direct contact <input type="radio"/> One board member had direct contact <input type="radio"/> More than one board member had direct contact <input type="radio"/> All board members had direct contact <input type="radio"/> Don't know/Not applicable <p>65. Have requests from shareholders to speak directly to board members increased over the past two years?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes, significantly <input type="radio"/> Yes, slightly <input type="radio"/> No, they have remained constant <input type="radio"/> No, they have decreased <input type="radio"/> Don't know/Not applicable <p>66. Has your company been approached by a shareholder activist within the past 12 months?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>67. Has your board discussed how to prepare for activism in the last year?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>Technology and Data Analytics</p> <p>68. Your company's social media policy applies to: (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> All employees
<ul style="list-style-type: none"> <input type="radio"/> Board members <input type="radio"/> We do not have a social media policy <input type="radio"/> Don't know/Not applicable <p>69. Board members are permitted to comment on our company and industry via various social media (e.g., Twitter, Facebook, LinkedIn):</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> Yes, but with certain provisions and/or restrictions <input type="radio"/> No, company policy prohibits board members from using social media in relation to our company <input type="radio"/> Don't know/Not applicable <p>70. In the past year, has your board received a report on, or discussed the usage of, social media by employees, customers, or board members? (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> Yes, the board received a report on employee usage <input type="radio"/> Yes, the board received a report on customer usage <input type="radio"/> Yes, the board received a report on board member usage <input type="radio"/> No such reports are provided to the board <input type="radio"/> Don't know/Not applicable <p>71. In the past two years, has your board been educated on the evolving use of big data and advanced analytics, and their potential return on investment?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> No, but we are considering this topic <input type="radio"/> Don't know/Not applicable <p>72. Does your board discuss how to incorporate and implement advanced analytics (e.g., data mining, predictive modeling, optimization, segmentation) into company strategy?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> No, but we are considering this topic <input type="radio"/> Don't know/Not applicable <p>Cybersecurity</p> <p>73. Has your company experienced a cybersecurity breach during the past two years?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>74. What level of awareness does the board have on cybersecurity?</p> <ul style="list-style-type: none"> <input type="radio"/> High level <input type="radio"/> Moderate level <input type="radio"/> Low level but becoming more knowledgeable <input type="radio"/> Don't know/Not applicable <p>75. Who has educated your board on cybersecurity? (Select all that apply)</p> <ul style="list-style-type: none"> <input type="radio"/> Board member with expertise on the subject <input type="radio"/> Chief executive officer 	<ul style="list-style-type: none"> <input type="radio"/> Chief financial officer <input type="radio"/> Chief information officer <input type="radio"/> Chief operating officer <input type="radio"/> Chief risk officer <input type="radio"/> Chief technology officer <input type="radio"/> General counsel <input type="radio"/> Third party <input type="radio"/> None of the above <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>76. Which committee of the board oversees cybersecurity issues?</p> <ul style="list-style-type: none"> <input type="radio"/> Full board <input type="radio"/> Cybersecurity committee <input type="radio"/> Information technology committee <input type="radio"/> Audit committee <input type="radio"/> Risk committee <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>77. Who within management is responsible for cybersecurity?</p> <ul style="list-style-type: none"> <input type="radio"/> Chief information officer <input type="radio"/> Chief technology officer <input type="radio"/> Chief risk officer <input type="radio"/> Other, please specify: <input type="radio"/> Don't know/Not applicable <p>Sustainability</p> <p>78. Is your company's corporate social responsibility or sustainability report available on its website?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> No, but we are considering this topic <input type="radio"/> We don't do sustainability reporting <input type="radio"/> Don't know/Not applicable <p>79. Is the board and/or a board committee involved in the oversight of the company's corporate social responsibility or sustainability effort and related public disclosures?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>80. In the past year, has your company's strategy incorporated new sustainability initiatives?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> No, but we are considering this topic <input type="radio"/> Don't know/Not applicable <p>81. Does the new SEC conflict minerals disclosure rule apply to you?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Don't know/Not applicable <p>81a. Is this topic regularly included on the audit committee's agenda?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> Not the audit committee but another board committee

- At this time, neither our board nor any of its committees is discussing this topic
- Don't know/Not applicable

82. Does your company make political contributions?

- Yes
- No
- Don't know/Not applicable

82a. Does your company's board or a board committee oversee such contributions?

- Yes, oversight by the full board
- Yes, oversight by a board committee
- No
- Don't know/Not applicable

83. Does your company disclose membership in trade associations that may make independent political expenditures?

- Yes
- Yes for some memberships, but not all
- Yes, but only those memberships to which we contribute a certain amount
- No
- Don't know/Not applicable

84. Does your company disclose the amount spent on lobbying?

- Yes
- No
- Don't know/Not applicable

Compliance, Culture, and Setting the Tone at the Top

85. Which activity does your company engage in to create tone at the top of the company?

- (Select all that apply)
- Cultural surveys
 - A code of conduct/ethics
 - Town hall meetings
 - Newsletters and email messages
 - Annual or other periodic training/education
 - Internal postings (e.g., in break rooms)
 - We currently do not engage in such activities
 - Other, please specify:
 - Don't know/Not applicable

86. Who is primarily responsible for the oversight of the compliance program at the board level?

- The full board
- Regulatory/compliance committee
- Audit committee
- Risk committee
- Governance committee
- Other, please specify:
- Don't know/Not applicable

87. What type of compliance program reporting does your company (or chief compliance officer) provide to the board and/or executive management?

- (Select all that apply)
- Reporting on compliance violations

- Compliance issue resolution tracking status
- Regulatory compliance auditing and monitoring findings/results
- Regulator-conducted examination results
- Regulatory fines and penalties
- Reporting on compliance performance metrics
- Reports on new laws and regulations
- General reports on ethics and culture
- Structure and performance of the compliance program
- Employee disciplinary actions
- None
- Other, please specify:
- Don't know/Not applicable

88. Which individual(s) are responsible for reporting ethics and compliance matters to the board?

- (Select all that apply)
- Chief risk officer
 - Chief compliance officer
 - Chief financial officer
 - Chief audit executive
 - General counsel
 - Corporate secretary
 - Other, please specify:
 - Don't know/Not applicable

Concluding question

89. Considering the topics included in this survey, which will be the top three areas of focus for your board in the next year?

- (Select up to three choices)
- Board selection, recruitment, and composition
 - Board leadership
 - Board meetings and materials
 - Board committee structures and roles
 - Board orientation and training
 - Board evaluations
 - Strategy
 - Compensation matters
 - Risk oversight
 - Political contributions
 - CEO succession planning
 - Shareholder engagement
 - Shareholder activism
 - Technology and data analytics
 - Cybersecurity
 - Sustainability
 - Compliance activities
 - Culture and tone at the top
 - Other, please specify:
 - Don't know/Not applicable

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About the Society of Corporate Secretaries and Governance Professionals

Founded in 1946, the Society of Corporate Secretaries and Governance Professionals is a professional association of over 3,300 governance professionals who serve 1,800 public, private and not for profit companies of most every size and industry. Its members support the work of corporate boards and executive management regarding corporate governance and disclosure, compliance with the corporate and securities laws and regulations, and stock exchange listing requirements.

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