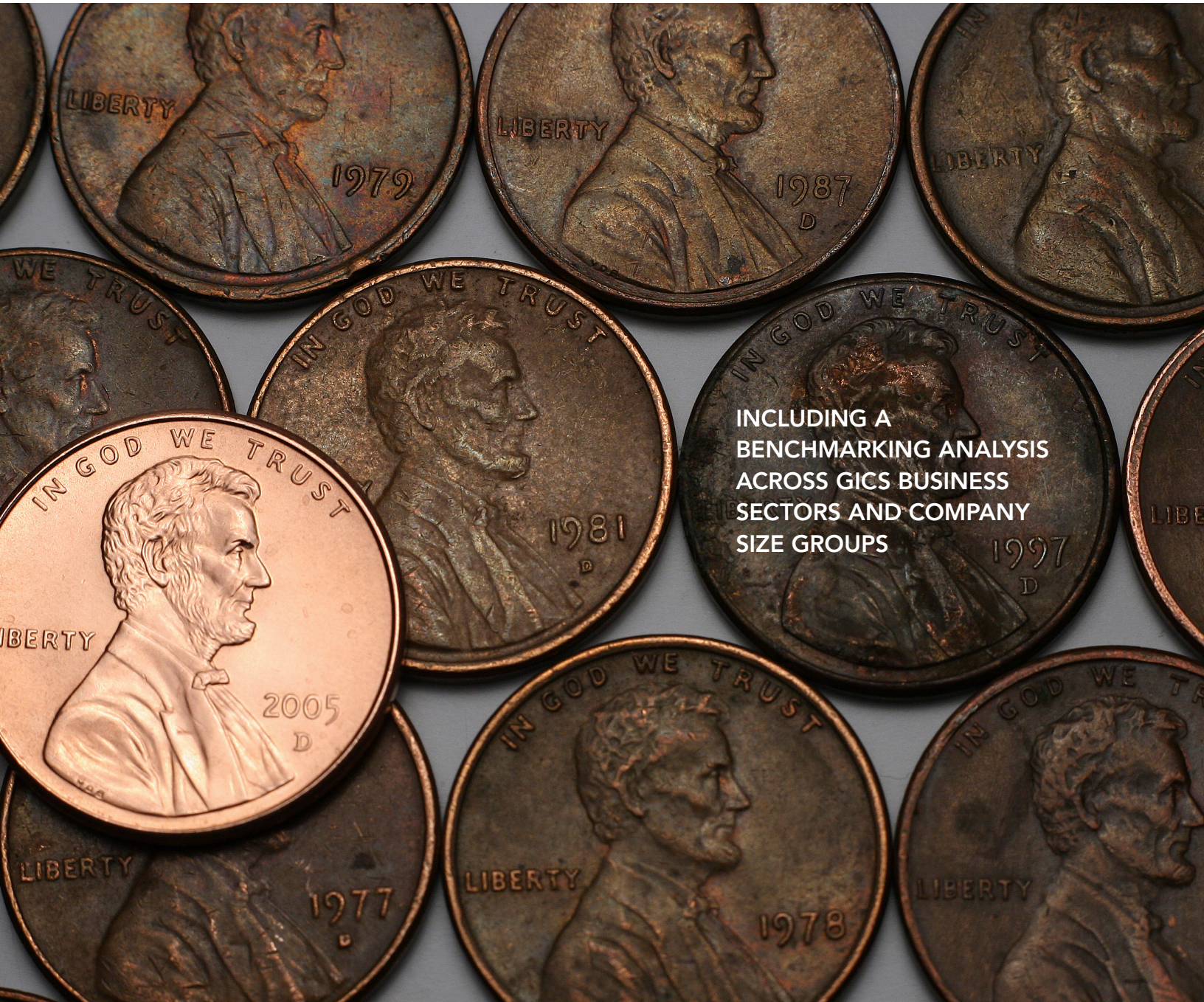


# Corporate Board Practices in the Russell 3000 and S&P 500

2019 EDITION



INCLUDING A  
BENCHMARKING ANALYSIS  
ACROSS GICS BUSINESS  
SECTORS AND COMPANY  
SIZE GROUPS

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This report documents corporate governance trends and developments at 2,854 companies registered with the US Securities and Exchange Commission (SEC) that filed their proxy statement in the January 1 to November 1, 2018 period and, as of January 2018, were included in the Russell 3000 Index, as well as select findings from 494 companies listed in the S&P 500. See "Using This Report" on page 7 for a description of data sources and study methodology.

# Corporate Board Practices in the Russell 3000 and S&P 500

2019 EDITION

RESEARCH REPORT R-1687-19-RR

by Matteo Tonello

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# Executive Summary

## **Despite the demand for refreshment and more diversity, the makeup of many public company boards remains unchanged**

Corporate governance has undergone a profound transformation in the last two decades, as a result of the legislative and regulatory changes that have expanded director responsibilities as well as the rise of more vocal shareholders. Yet the composition of the board of directors has not changed as rapidly as other governance practices, and to this day many public company boards do not see any turnover that is not the result of retirement at the end of a fairly long tenure.

According to a comprehensive review of SEC filings made in 2018, 50.4 percent of Russell 3000 companies and 42.5 percent of S&P 500 companies disclosed no change whatsoever in the composition of their board of directors. More specifically, they neither added a new member nor replaced an existing one. In those cases where a replacement or addition did happen, it rarely affected more than one board seat; and only one-quarter of boards elected a first-time director who had never served on a public company board before. More specifically:

**Directors are in for a long ride: their average tenure exceeds 10 years.** About one-fourth of Russell 3000 directors who step down do so after more than 15 years of service. The longest average board member tenures are seen in the financials (13.2 years), consumer staples (11.1 years), and real estate (11 years) industries.

**Despite the demand for more inclusiveness and a diverse array of skills, companies continue to value prior board experience in their director selection.** Only a quarter of organizations elect a director who has never served on a public company board before. Companies with annual revenue of \$20 billion or higher are twice as likely to elect two first-time directors as those with an annual turnover of under \$1 billion (7.3 percent versus 3.2 percent).

**Corporate boards remain inaccessible to younger generations of business leaders, with the highest number of directors under age 60 seen in new-economy sectors such as IT and communication services.** Only 10 percent of Russell 3000 directors and 6.3 percent of S&P 500 directors are aged 50 or younger, and in both indexes about one-fifth of board members are more than 70 years of age. These numbers show no change from those registered two years ago; nor do the numbers on the adoption of retirement policies based on age: only about one-fourth of Russell 3000 companies choose to use such policies to foster director turnover.

**While progress on gender diversity of corporate directors is being reported, a staggering 20 percent of firms in the Russell 3000 still have no female representatives on their board.** Moreover, even though women are elected as corporate directors in larger numbers than before, almost all board chair positions remain held by men (only 4.1 percent of Russell 3000 companies have a female board chair).

**Periodically evaluating director performance is critical to a more meritocratic and dynamic boardroom.** However, even though many board members consider the performance of at least one fellow director as suboptimal, in the Russell 3000, only 14.2 percent of companies disclose that the contribution of individual directors is reviewed annually.

**Among smaller companies, staggered board structures also stand in the way of change.** Almost 60 percent of firms with revenue under \$1 billion continue to retain a classified board and hold annual elections only for one class of their directors, not all. And while just 9.5 percent of financial institutions with asset value of \$100 billion or higher have director classes, the percentage rises to 44.1 for those with asset value under \$10 billion.

**Though declining in popularity, a simple plurality voting standard remains prevalent.** This voting standard allows incumbents in uncontested elections to be reelected to the board even if a majority of the shares were voted *against* them. In the Russell 3000, 51.5 percent of directors retain plurality voting.

**Only 15.5 percent of the Russell 3000 companies have adopted some type of proxy access bylaws.** Such bylaws allow qualified shareholders to include their own director nominees on the proxy ballot, alongside candidates proposed by management. In all other companies, shareholders that want to bring forward a different slate of nominees need to incur the expense of circulating their own proxy materials.

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These findings provide some important context to the current debate on board refreshment and on the diversification of director skills and backgrounds, underscoring the main reasons why progress remains slow: average director tenure continues to be quite extensive, board seats rarely become vacant and, when a spot is available, it is often taken by a seasoned director rather than a newcomer with no prior board experience.

# Using This Report

*Corporate Board Practices in the Russell 3000 and S&P 500: 2019 Edition* documents corporate governance trends and developments at 2,854 companies registered with the US Securities and Exchange Commission (SEC) that filed their proxy statement in the January 1 to November 1, 2018 period and, as of January 2018, were included in the Russell 3000 Index, as well as select findings from 494 companies listed in the S&P 500. Data is based on disclosure included by companies in proxy statements and other periodic SEC reports as well as on other organizational and policy documents (charters, bylaws, board committee charters, corporate governance principles, etc.) available on the SEC and the investor relations section of corporate websites. For comparative purposes, data based on disclosure and available corporate documents from the same time period in 2016 is also provided.

The project is a partnership between The Conference Board and data-mining firm ESGAUCE and was developed in collaboration with the John L. Weinberg Center for Corporate Governance (successor to the Investor Responsibility Research Center Institute [IRRCi]), Debevoise & Plimpton, and Russell Reynolds Associates. Part of The Conference Board Environmental, Social, and Governance (ESG) Intelligence suite of benchmarking products, the study continues the long-standing tradition of The Conference Board as a provider of comparative information on organizational policies and practices. The suite is available at [www.conference-board.org/ESGintelligence](http://www.conference-board.org/ESGintelligence)

Figures used in the analysis are organized in four parts.

**Part 1: Board Organization** provides benchmarking information on the size of the board and the frequency of its meetings, its leadership and the safeguards adopted to ensure leadership independence, the board committee structure, and the process for the assessment of the performance of director responsibilities (at the board-, committee-, and individual director level).

**Part 2: Director Profile** reviews the demographics of the director population (their age, gender, tenure, and qualifications and skills), director independence and existing affiliations with the company or its employees, as well the directorships currently held at other for-profit and not-for-profit organizations.

**Part 3: Director Election and Removal** examines voting standards adopted for the nomination and election of board members (whether majority voting, plurality voting, or variations of the same), the process followed to fill newly created board seats, and existing policies for the removal of directors for cause. A section of Part 3 is dedicated to a comprehensive analysis of those companies that have introduced proxy access bylaws—including: the share of ownership and the holding period required to nominate shareholders; the percentage of board seats eligible for proxy access nominations; and special provisions such as those on the maximum number of aggregated shareholders, on related entities, and on loaned shares.

**Part 4: Other Board Policies** illustrates data on mandatory director retirement policies (based on age and tenure) and on the resignation of directors for change of employment status or the termination of the CEO employment relation. A section of Part 4 reviews so-called overboarding policies, including the requirements to notify the board and seek preapproval of new directorships for which board members have received an offer from another company. Additional board practices described in Part 4 include: the adoption of policies to promote board diversity; whether the company publishes a matrix to illustrate its directors' qualifications and areas of expertise; the indemnification and the limitation of board members' personal liability; whether directors are eligible for matching gift programs offered to employees; and how companies support their board members' need for orientation and continuing education.

Data on board practices illustrated in the report is segmented according to the business sector and the size of companies. The industry analysis aggregates companies within 11 groups (Exhibits 1 and 2), using the applicable Global Industry Classification Standard (GICS). For the company-size breakdown, data are categorized along five annual-revenue groups (based on data received from manufacturing and nonfinancial services companies) and three asset-value groups (based on data reported by financial services and real estate companies, which tend to use these types of benchmarking criteria). Annual revenue and asset values are measured in US dollars.

Comparisons with the S&P 500—another commonly followed equity index—are also included to offer an additional perspective on the difference between large and small firms. However, figures and illustrations used throughout the report refer to the Russell 3000 analysis unless otherwise specified.

The Russell 3000 sample used in the report is further illustrated in Exhibits 1 through 5 (pages 9–10), where additional details are provided on segmentations by securities exchange on which the company's equity is traded and on the company's market capitalization. Benchmarking information based on these additional sample segmentations, while not included in the report, is available to members of The Conference Board upon request.

Unless otherwise specified, figures included in the tables and charts of the report refer to median (midpoint) values. Where appropriate, to highlight possible outliers, the report may also reference the mean (average) of observations.

Data and analysis included in this report are descriptive, not prescriptive, and should be used only to identify the latest practices and emerging trends. None of the commentaries included are intended as recommendations on board structure or other governance practices. On the contrary, The Conference Board recommends that board policies be adopted after careful consideration of the specific circumstances the company faces in the current marketplace, including its strategic priorities and stakeholder relations.



Exhibit 1

**Sample distribution, by industry**

Industry	n=2,854	Percent of total
Communication services	109	3.8%
Consumer discretionary	342	12.0
Consumer staples	107	3.7
Energy	167	5.9
Financials	527	18.5
Health care	432	15.1
Industrials	396	13.9
Information technology	375	13.1
Materials	132	4.6
Real estate	189	6.6
Utilities	78	2.7

Source: The Conference Board/ESGAUGE, 2019.

Exhibit 2

**Business sectors, industry groups and GICS codes**

Sector	GICS code	Industry group	GICS subcode
Communication services	50	Media & entertainment	5020
Communication services	50	Telecommunication services	5010
Consumer discretionary	25	Automobiles & components	2510
Consumer discretionary	25	Consumer durables & apparel	2520
Consumer discretionary	25	Consumer services	2530
Consumer discretionary	25	Retailing	2550
Consumer staples	30	Food & staples retailing	3010
Consumer staples	30	Food beverage & tobacco	3020
Consumer staples	30	Household & personal products	3030
Energy	10	Energy	1010
Financials	40	Banks	4010
Financials	40	Diversified financials	4020
Financials	40	Insurance	4030
Health care	35	Health care equipment & services	3510
Health care	35	Pharmaceuticals, biotechnology & life sciences	3520
Industrials	20	Capital goods	2010
Industrials	20	Commercial & professional services	2020
Industrials	20	Transportation	2030
Information technology	45	Semiconductors & semiconductor equipment	4530
Information technology	45	Software & services	4510
Information technology	45	Technology hardware & equipment	4520
Materials	15	Materials	1510
Real estate	60	Real estate	6010
Utilities	55	Utilities	5510

Source: MSCI, Inc., 2019.

Exhibit 3

### Sample distribution, by company size

Annual revenue*	n=2,138	Percent of total	Asset value (Financials and real estate)	n=716	Percent of total
Under \$1 billion	1,002	46.3%	Under \$10 billion	519	72.5%
\$1 billion to \$4.9 billion	696	33.0	\$10 billion to \$99 billion	155	21.7
\$5 billion to \$9.9 billion	189	8.9	\$100 billion and over	42	5.9
\$10 billion to \$19.9 billion	128	6.0			
\$20 billion and over	123	5.8			

\* All sectors except financials and real estate

Source: The Conference Board/ESGAUGE, 2019.

Exhibit 4

### Sample distribution, by securities exchange

Securities exchange	n=2,854	Percent of total
NASDAQ	1,374	48.1%
NYSE	1,437	50.4
Other	43	1.5

Source: The Conference Board/ESGAUGE, 2019.

Exhibit 5

### Sample distribution, by equity index

Equity index	n=3,348	Percent of total
Russell 3000	2,854	95.1%
S&P 500	494	98.8

Source: The Conference Board/ESGAUGE, 2019.

Exhibit 6

### Sample distribution, by market capitalization

Market cap	n=2,854	Percent of total
Under \$50 million	42	1.5%
\$50–249 million	246	8.6
\$250–999 million	777	27.2
\$1–4.9 billion	1,008	35.3
\$5–9.9 billion	294	10.3
\$10–19.9 billion	210	7.4
\$20 billion and over	277	9.7

Source: The Conference Board/ESGAUGE, 2019.

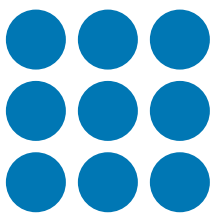
The background of the slide is a collage of various US coins, including pennies and nickels, arranged in an overlapping pattern. The coins are semi-transparent, allowing the text to be clearly visible. The text is centered on the page.

Part 1  
**BOARD ORGANIZATION**

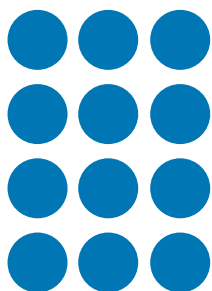
## Board Size

Although companies with smaller boards are shown to generate substantially better shareholder returns, most large corporations of necessity have boards with 12 or more members. Empirical research has underscored an inverse correlation between board size and shareholder return, as smaller boards can be more engaged and display greater ownership and accountability.<sup>1</sup> Yet, in the United States, large public companies come with large boards of directors, usually because of the additional workload that overseeing a complex organization requires. The median board size is nine directors for companies in the Russell 3000 and 12 for the S&P 500; 33.9 percent of companies in the latter have 12 or more members on their board. The majority of Russell 3000 companies with annual revenue of \$20 billion or more have 10 or more individuals on their board, with 50.4 percent reporting more than 12 directors. A few companies have up to 18 or 20 board members.

The median board size of companies in the Russell 3000 is 9 directors,



compared to 12 in the S&P 500.



Only  
13%

of companies in the Russell 3000 have 12 or more members on their board,

compared to

33%

of companies in the S&P 500.

The smallest boards, with five or fewer directors, are seen almost exclusively among small-cap companies with revenue under \$1 billion (7.1 percent of companies, down from 9.7 percent in 2016) and asset value under \$10 billion (4.3 percent, down from 7.5 percent in 2016). No boards with fewer than seven directors are found in the largest size groups.

**The largest boards, with more than 12 directors, are found among firms in the highly regulated financial services industries.**

Among business sectors, financial services companies report the biggest share (28.5 percent) of boards with more than 12 directors. In particular, 69 percent of financial companies with asset values of \$100 billion or higher have more than 12 board members. To be sure, banks and other financial institutions are subject to more regulatory concerns than other firms, prompting the need for a broader set of skills and competencies of board members; among other expectations, the boards of many financial companies are required to establish a risk committee under federal laws and SEC regulations. Large boards are also seen in other often regulated sectors such as communication services and utilities, whereas the smallest percentage of large boards with more than 12 directors is reported by the real estate sector (4.8 percent) See [Figure 1.1](#).

<sup>1</sup> "Smaller Boards Get Bigger Returns," *Wall Street Journal/GMI Ratings*, August 26, 2014.

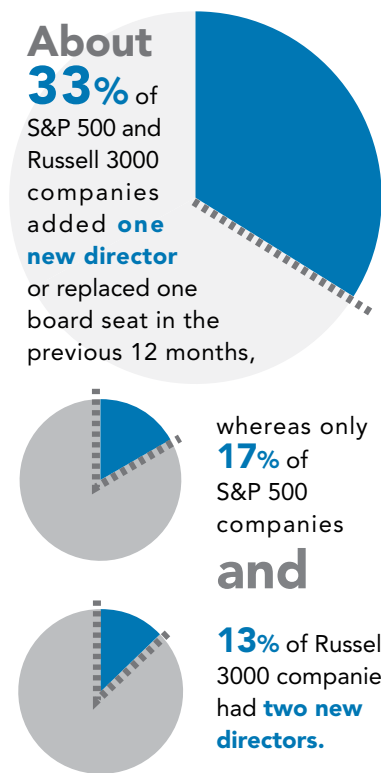
## Board Refreshment (Newly Elected Directors)

Despite increased demand for more diversity and refreshment, about half of the examined companies in the S&P 500 and Russell 3000 disclosed no changes in the composition of their board of directors. Director retirement seems to be the only relevant factor dictating the pace of change and, when a replacement happens, it rarely affects more than one board seat in a single year. The study examined data on board seats replaced during the disclosure year and directors otherwise added to the board (whether to fill a new seat or to replace a director who had left a vacant seat in a previous year). Some 42.5 percent of S&P 500 companies and 50.4 percent of Russell 3000 companies made no changes to the composition of their boards in 2018. About one-third of companies in both indexes added a new director or replaced one board seat in the previous 12 months, whereas only 16.8 percent of S&P 500 companies and 13 percent of Russell 3000 companies had two new directors, similar to the numbers found in 2016

The small share of companies with three or more new arrivals to the boards actually declined in both indexes from 2016 levels, from 9.4 to 8.9 percent in the S&P 500 and from 8.2 to 7.2 percent in the Russell 3000.

The percentages are remarkably similar across business sectors, with energy reporting 3 percent of companies with turnover in more than five board seats, or the highest level across 11 GICS groups. The information technology group of industries reported the highest percentage of companies with one newly elected board member (33.2 percent), but it is only slightly higher than the percentage found across the entire Russell 3000 (29.4 percent).

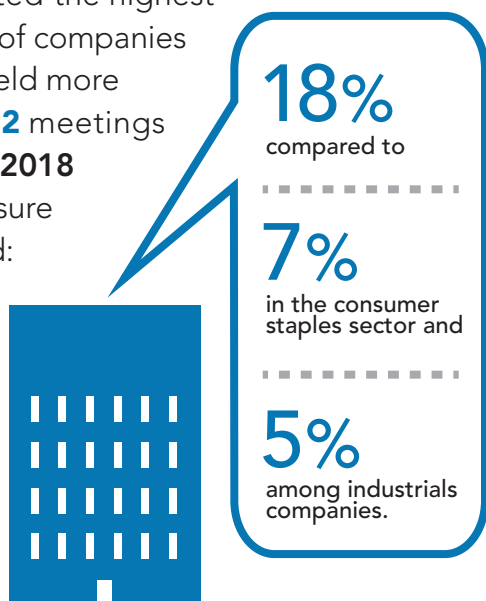
However infrequent, board changes are more likely to be seen among larger organizations: while 54.6 percent of Russell 3000 companies with less than \$1 billion in annual revenue disclosed no changes in the composition of their boards in 2018 filings, 43.1 percent of companies with revenue of \$20 billion or higher had no board refreshment whatsoever in the same time period. Among financial and real estate companies with asset value of \$100 billion or higher, 35.7 percent disclosed electing one new director in the previous 12 months—the highest findings across size groups. See [Figure 1.2](#).



## Frequency of Board Meetings

The majority of boards meet fewer than eight times per year, but specific circumstances such as CEO succession or crisis management required some boards to hold more than 12 meetings in a 12-month period. The financial sector reported

The financial sector reported the highest share of companies that held more than **12** meetings in the **2018** disclosure period:



the highest share of companies that held more than 12 meetings in 2018 (18 percent, compared to 6.5 percent in the consumer staples sector and 5.3 among industrials companies). Extra meetings may be added to the ordinary board meeting calendar to respond to specific circumstances requiring board oversight or approval, including extraordinary business transactions, internal reorganizations, CEO succession events, and situations of crisis management. For a smaller organization with a smaller board, in particular, these circumstances may require the fewer directors to convene more often: in companies with annual revenue under \$1 billion, 10.5 percent of board members met more than 12 times during the course of the year, compared to 8.9 percent of those reporting revenue of \$20 billion and over. The consumer staples sector has the largest percentage of companies disclosing fewer than eight full board meetings per year (64.5 percent), followed by industrials (64.1 percent) and consumer discretionary companies (63.2 percent). See [Figure 1.3](#).

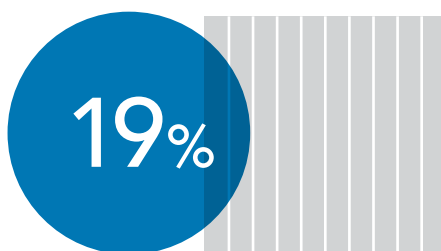
## Board Committees

A small number of companies chose to rely on exemptions from listing requirements on board committees, and either combine compensation and governance committees or do without a nominating committee. Almost all companies across industries and size groups have an audit committee, a compensation committee, and a nominating/governance committee of the board of directors. The explanation for the few exceptions can be found in the listing standards adopted by the main securities exchanges. Under NYSE and NASDAQ listing standards, the board of directors of companies trading in their markets are required to have an audit committee and a compensation committee composed entirely of independent directors. While NYSE also requires the institution of a fully independent nominating/corporate governance committee, NASDAQ-traded companies can choose to select their director nominees through a vote of the majority of the independent directors on the board. Moreover, controlled companies listed on the NYSE are exempt from the requirements to have compensation and nominating committees. (SEC rules do not require the establishment of a nominating/corporate governance committee; instead they require companies to disclose the basis for their decision not to have such a committee and to describe the alternative process used for the nomination of directors).

As a result, 5.1 percent of Russell 3000 companies and 1.6 percent of S&P 500 companies have opted for doing without the nominating/corporate governance committee. Similarly, 1.3 percent of Russell 3000 companies and 2 percent of S&P 500 companies have not instituted a compensation committee. Finally, 0.8 percent of Russell 3000 companies and 1.8 percent of S&P 500 companies have combined in a single standing committee of the board the functions of the compensation and nominating/governance committee. See [Figure 1.4](#).

**Companies in regulated industries such as utilities and financials are much more likely to report other standing committees, as their boards face responsibilities and scrutiny on an additional range of issues.** In general, across business sectors, utilities companies have the most committee types, with 44.9 percent of them having established at least one other type of standing board committee. As is to be expected, risk committees are the most common, by far, among financial companies, which are subject to the mandatory requirement introduced with the Dodd-Frank Act. Under the statute, publicly traded nonbank financial companies supervised by the Board of Governors as well as certain bank holding companies must establish a risk committee as part of their efforts to strengthen risk oversight practices. In the Russell 3000, 38.3 percent of companies in the financial sector do have such a committee.

The higher a financial company's asset value, the more likely it is to have a risk committee: **while only**



**of firms with assets under \$10B have one, the percentage increases to 76% for firms with assets of \$100B or more.**

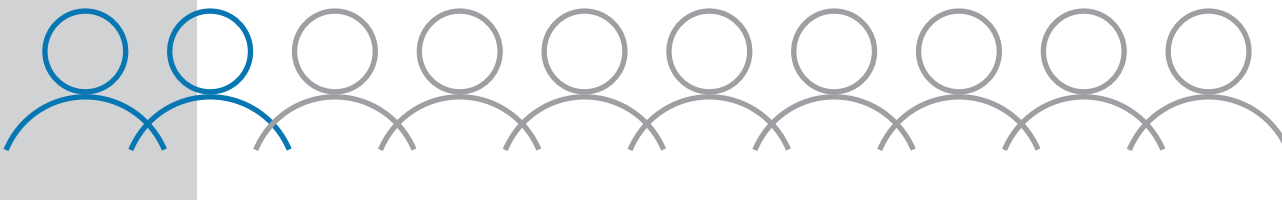
There is a direct correlation between the percentage of financial companies with a risk committee and the size of the organization: while only 19.1 percent of firms with assets under \$10 billion have one, the percentage increases to 76.2 for firms with assets of \$100 billion or more. Large financial companies also report the highest share of science & technology committees (11.9 percent, compared to only 0.8 percent of the smallest group of financial companies). See [Figure 1.4](#).

**Audit committees continue to be the busiest, as their role needs to adapt to new challenges prompted by cybersecurity, data privacy, and financial risk oversight.** Each of the major standing board committees has undertaken new responsibilities in recent years, ranging from cybersecurity and data privacy governance (in the case of the audit committee), shareholder engagement on pay policy (compensation committee), and human capital and corporate culture management (nominating/corporate governance committee). The frequency of board committee meetings varies significantly depending on the committee in question. S&P 500 audit committees are busiest and meet as many as eight to nine times per year, with the median number of meetings reaching 12 in the largest financial companies. The second most active committee is the compensation committee, with five meetings per year seen in the median Russell 3000 company.

Acquisition/corporate development committees hold a median of nine meetings per year in companies with annual revenue of \$20 billion or higher, while they hardly meet in those with less than \$1 billion in revenue. See [Figures I.5 and I.6](#).

13%

of **Russell 3000** companies reported having a policy on the rotation of board committee members



**The debate on refreshment has intensified in the last few years, but a large majority of companies still believe that the most efficient process is for the board to reassess annually whether the membership and leadership of its committees remain adequate.**

Only 13.3 percent of Russell 3000 companies have a policy on the rotation of board committee members, similar to 2016. The percentage is 20.5 in the S&P 500 and increases to 29.3 percent for companies with annual revenue over \$20 billion (while it can be as low as 7.4 percent for small caps with less than \$1 billion in revenue). The policy is much more frequent in the utilities sector (24.4 percent of companies in the Russell 3000) than in energy (10.3 percent) or health care (10.6 percent). Moreover, when in place, policies on committee member rotation set conservative rules: in 71.8 percent of Russell 3000 companies with such a policy, members are expected to rotate every five terms (typically, one-year terms), and in 10.3 percent of cases, the mandatory rotation is triggered only after more than five terms. Committee chair rotation policies are even more infrequent, and their distribution across industry and size groups resembles the one found for the rotation of committee members. See [Figures I.7 through I.10](#).

72%

of **Russell 3000** companies

with a policy on the rotation of board committee members expect them to rotate every five terms (after five years, typically),

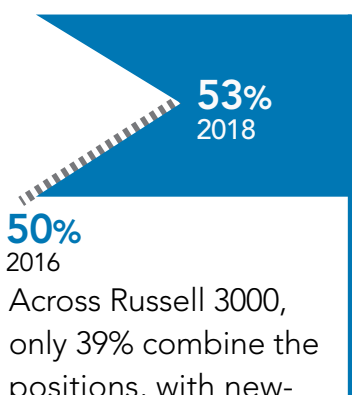
and in **10%** of cases the mandatory rotation is triggered only after periods that are longer than five terms.



## Board Leadership

While larger companies continue to combine CEO and board chair positions, new-economy business sectors such as information technology and communication services are more open to a nonexecutive board leadership. Most companies have policies recognizing the authority of the board to choose its own leadership model. Larger companies continue to resist departing from the duality model of board leadership, which combines the position of CEO and board chair. The majority of companies in the S&P 500 still use this model: in fact, the percentage rose from 50.1 in 2016 to 52.8 in 2018. This finding compares with the 38.8 percent seen in the Russell 3000. As illustrated in [Figures I.15-16](#), in most of these cases, the company balances the concentration of powers by assigning to a lead independent director some of the duties traditionally performed by the board chair.

S&P 500 companies continue to combine the position of CEO and board chair



Across Russell 3000, only 39% combine the positions, with new-economy industries least likely to have a CEO who also serves as board chair.

36%  
information  
technology



36%  
communication  
services



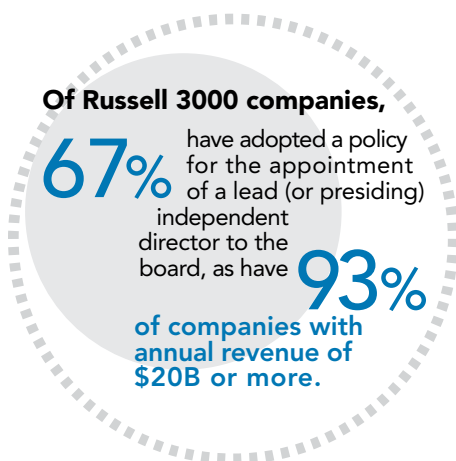
Across the Russell 3000, the highest shares of CEOs who also serve as board chairs are found in traditional, old-economy business sectors (including utilities, industrials, and consumer staples), whereas the lowest are reported in information technology (35.8 percent) and communication services (35.5 percent). In financial services, there is a very close inverse correlation between non-CEO chair and company size by asset value: while 42.6 percent of smaller banks and other financial companies have appointed an independent director to chair their board, more than 3 out of 4 large financial institutions with asset value of \$100 billion or over continue to have a board chair who is also the company CEO. See [Figure 1.11](#).

**Companies choosing to combine the CEO and board chair roles typically cite the CEO's industry-specific experience and knowledge of the day-to-day operations of the firm as the main reason for the adoption of the duality model of leadership. However, other companies see the opportunity resulting from having access to two highly qualified top leaders.** This reason for choosing to combine the roles is seen across business sectors, with the real estate and consumer discretionary ones reporting the highest percentages of companies including this type of disclosure in the section of their proxy statements that discusses board leadership. At 53.3 percent of companies with more than \$20 billion in annual revenue, the board concluded that its leadership independence could be achieved by instituting a lead independent director, without the need to separate the CEO and chair roles; the percentage declines as the size of the company declines and is only 6 percent for firms with less than \$1 billion in revenue.

More than 60 percent of issuers with a separation model cited the recognition of the different responsibilities performed by CEO and board chair as the main factor that prompted their decision to split the roles. Interestingly, about 18 percent of smaller companies with annual revenue under \$1 billion stated that they saw in the role separation an opportunity to tap into the business experience and leadership skills of two highly qualified individuals rather than a single one. See [Figures I.12 through I.14](#).

**The appointment of a lead director has become a common practice for corporate boards, and even some boards with non-CEO chairs adopt it to further strengthen the independence of their leadership.** Initially introduced to balance the concentration of chairmanship responsibilities in the CEO role, the lead independent director position is now widely used even in situations where the CEO and board chair are separated. This is true, in particular, when the separate chair does not pass an independence test. In the Russell 3000, 20.5 percent of board chairs are a non-independent director other than the CEO of the company, and the percentage in the S&P 500 is only slightly lower. Their lack

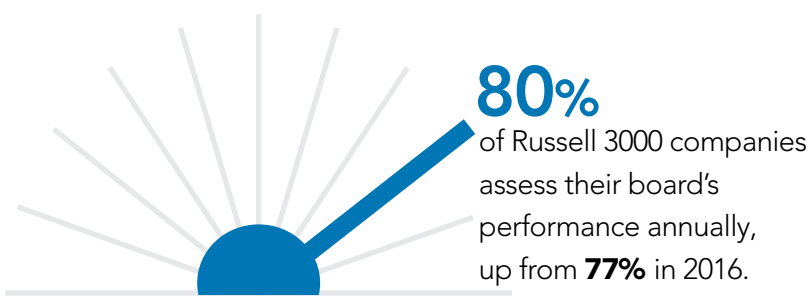
of independence is often due to their past relationships with the organization, including (the often temporary, transitional) situations where the board is chaired by the company's founder or former chief executive or instances where an outside expert that has long consulted for the company is recruited as board chair. Of Russell 3000 companies, 66.7 percent have therefore adopted a policy for the appointment of a lead (or presiding) independent director to the board, and the percentage rises to 92.7 in companies with annual revenue of \$20 billion or more. All of the 11 business industries examined report a majority of cases where the company relies on a lead director, with the highest share in information technology (72.7 percent) and the lowest in communication services (55 percent). See [Figure 1.15](#).



**Boards of directors are busy and increasingly scrutinized; their lead director can help by performing new tasks for which the perception of independence is of the essence—such as organizing an internal investigation.** A lead director is tasked with several critical duties that would otherwise be assigned to the chair, such as calling and chairing executive sessions of the board (79.4 percent of consumer staples companies) and acting as a liaison between nonexecutive directors and senior management (68.9 percent of Russell 3000 companies, essentially unchanged from 2016). The way in which the board leverages the lead director also varies depending on the size of the company; for example, 69.1 percent of companies in the largest group by revenue (twice as many companies as in the smallest group) expect the lead director to set and approve the board agenda. While only 5.5 percent of financial companies with asset value under \$10 billion delegate to the lead director the board assessment process, among their larger counterparts (\$100 billion and over in assets), this is common practice for one-third of companies. About three-quarters of small-cap companies with revenue under \$1 billion and asset value under \$10 billion delegate to the lead director “other” initiatives that benefit from his or her independence. They include designing a CEO succession plan, mentoring a new CEO, coordinating an internal investigation, and serving as the point person in the board’s engagement with shareholders. See [Figure 1.16](#).

## Board Assessment

**Amid institutional investors' demands for meaningful director evaluation and board refreshment, annual performance assessment has become a widespread practice among all but smaller companies.** In the S&P 500, 95.3 percent of companies conduct an annual performance assessment of the full board of directors, as do 79.6 percent of companies in the Russell 3000, up from the 77 percent in 2016. All Russell 3000 financial services companies in the largest group by asset value (\$100 billion or more) and 96.7 percent of all other companies in the largest group by annual revenue (\$20



Most companies also assess their committees' performance annually: **77%** in **Russell 3000**, and **93%** in S&P 500.

billion and higher) have an annual full-board assessment process in place. At the committee level, the annual assessment practice is also very widespread (92.5 in the S&P 500 and 76.8 percent in the Russell 3000). In about 80 percent of Russell 3000 cases, the assessment is based on self-evaluations, with very limited variation by industry and company size; in about 20 percent of cases, the company does not disclose its board evaluation methodology.

Smaller companies are less likely to methodically assess performance; 67.5 percent of Russell 3000 smaller companies (below \$1 billion in annual turnover) evaluate board performance every 12 months. Rather than adopting a different frequency, smaller companies by annual revenue and by asset value tend to skip the assessment process altogether. About one-third of small-cap companies in the Russell 3000 do not disclose the frequency of their full-board assessment, and 21 percent do not discuss board assessment at all in their disclosure. See [Figures I.17 and I.18](#).

**Research reveals that board members consider the performance of at least one fellow director as suboptimal, but an institutionalized annual process for the assessment of individual directors continues to remain far less prevalent, even among larger organizations.** Even directors question the effectiveness of some of their members' performance, as recently shown by a widely publicized, survey-based study.<sup>2</sup> But companies continue to forgo having—or at least forgo reporting—a systematic process that extends beyond the collective performance of the board or its committees to also evaluate individual members. In the Russell 3000, only 14.2 percent of companies report having instituted such an annual process, a share that has barely grown since 2016 (13.2 percent); in the S&P 500, the percentage remains shy of 30 percent. Only an additional 3.3 percent of Russell 3000 companies disclose having an individual director assessment process but provide no information on its frequency; virtually all other firms in the index remain silent on the practice.

<sup>2</sup> [2018 Annual Corporate Directors Survey](#), PwC, October 2018.

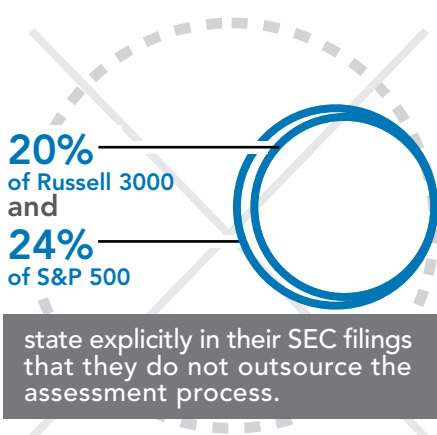
The utilities (23.1 percent) and information technology (18.1 percent) sectors have the highest share of companies annually reviewing the performance of individual board members, while the lowest is seen in energy (10.2 percent) and health care (9.3 percent). It is interesting to note, however, that when an individual director performance assessment is conducted, the assessment process is less reliant on self-evaluation tools: although peer-to-peer evaluations and in-person interviews are almost never disclosed for the evaluation of the full board and its committees, 8.4 percent and 7 percent of S&P 500 companies, respectively, report using them as part of the review of how well individual board members have performed their duties. See [Figures I.19 through I.22](#).

The practice of hiring outside professional facilitators or governance experts to conduct board performance assessments is seldom disclosed, despite indications that an evaluation process conducted in-house may lack independence and objectivity. Only 3.4 percent of Russell 3000 companies and 7.7 percent of S&P 500 companies disclose that they hire an independent third-party assessor to (help to) evaluate director and board performance, while 19.7 percent of Russell 3000 and 23.7 percent of S&P 500 companies state explicitly in their SEC filings that they do not involve any third party in the assessment process. The remainder (76.9 percent of Russell 3000 companies and 68.6 percent of S&P 500 companies) are silent on the use of third-party assessors. A third-party, professional assessor can provide the benchmarks needed to strengthen the board

performance evaluation process and counter any confirmatory bias that could compromise its credibility.<sup>3</sup> Companies use a range of outside providers such as board advisory practices within large search firms, law firms, and other consulting firms. Assessments extend to the composition and leadership of the board of directors and its committees, the effectiveness of its oversight processes, and its overall culture. As shown above, 360 individual director assessments are less common but, when they happen, outside advisers are frequently involved. Typically, external providers work closely with the company's general counsel to ensure that legal safeguards and protocols are met.<sup>4</sup>

Third-party board performance assessors, where disclosed, are more common among utilities (7.7 percent), financials (4.7 percent), and consumer staples (4.7 percent) firms. Larger companies by annual revenue are more than 10 times more likely to outsource, in whole or in part, the board performance evaluation to an independent third party than smaller ones. In the group of firms with annual revenue of \$20 billion or higher, 11.4 percent hire an outside evaluator, compared to only 1 percent of the organizations with revenue under \$1 billion. See [Figure 1.23](#).

Only 3% of Russell 3000 and 8% of S&P 500 companies disclose that they hire an independent third-party assessor to evaluate director and board performance, while



3 Yafit Cohn and Avrohom J. Kess, "Optimizing Board Evaluations," *Harvard Law School Forum on Corporate Governance and Financial Regulation*, August 16, 2016.

4 *Accelerating Board Performance. The Importance of Assessments*, EY Center for Board Matters, 2015, p. 13.

The background of the page is a collage of various US coins, including pennies, nickels, and dimes, arranged in an overlapping pattern. The coins are rendered in a semi-transparent, muted color scheme, allowing the text to stand out. The most prominent coin is a 2005 Lincoln cent (penny) in the lower-left foreground, showing the profile of Abraham Lincoln and the words "IN GOD WE TRUST" and "LIBERTY". Other visible coins include a 1981 nickel, a 1977 dime, and a 1976 dime.

Part 2  
**DIRECTOR PROFILE**

## Director Age

Companies in new-economy business industries such as information technology and communication services report the highest numbers of board members under age 60. The median age of board directors is 64 for the S&P 500 and 63 for the Russell 3000. No director in either index is younger than 30, and outliers are far more likely to be older than younger: only 0.3 percent of directors in the Russell 3000 are younger than 36, while 2 percent are older than 80. Across industries, utilities companies report the highest median director age (65 years), while communication services companies

report the lowest (60 years). IT and communication services are the sectors with the highest concentration of new-economy businesses, and their companies' boards of directors appear to be younger: 51.8 percent of corporate directors serving on the boards of communication services companies and 47.2 percent of those on the boards of IT companies are 60 or younger. These findings compare with the 34.7 percent seen in the financials sector, 31 percent in the utilities sector, and 34.5 percent in the materials sector. The energy sector reports the highest share of board members who are younger than 36 (1.2 percent, compared to 0.3 in IT). See [Figure 2.1](#).

No director in either index is younger than 30 years of age,



while 0.3% of directors in the **Russell 3000** are younger than 36.

Directors at companies in new-economy sectors tend to skew younger:



**52%**  
at communication services

**47%**  
at IT companies

are age 60 or under.

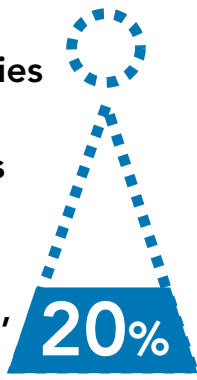
**Younger directors continue to be more frequently found on smaller companies' boards—except at financial institutions.**

For example, the percentage of directors age 46-50 among companies with annual revenue under \$1 billion (8.6 percent) is almost twice as high as the one for the largest size group of annual revenue of \$20 billion or more (4.5 percent); in the two groups, the median age is, respectively, 61 and 63. Institutions in the Russell 3000 with an asset value of \$100 billion or higher report a median director age of 65, or two years older than the median director age for the entire index; however, the smallest financial institutions, with asset value under \$10 billion, have twice as many directors in their 80s as the largest ones. Data on director age shows minimal change from 2016. Also see [Figure 2.1](#).

## Director Gender

Companies continue to make progress on the gender diversity of their boards. While the most diverse boards are seen among larger companies, the two-year rate of change is in fact higher at smaller firms—a sign that the gap between size groups may be narrowing. In the S&P 500, female directors are 22.5 percent of the total, an increase from 19.3 percent in 2016; the share of female directors in the Russell 3000 is much lower at 16.4 percent, an increase from 14.1 percent in 2016. Albeit still slow, progress has been steady in the last few years—a reflection of the increasing demand for diversity made by multiple stakeholders and policy groups: for example, the *Every Other One* initiative by the Committee for Economic Development (CED)

While companies are reporting some progress on gender diversity in the boardroom, a staggering 20% of firms in the Russell 3000 still have no female representative on their board of directors.



The number is down from the 27% found in 2016, but still quite high when compared with the same finding in the S&P 500 (1%).

of The Conference Board advocates for a system where every other corporate board seat vacated by a retiring board member should be filled by a woman, while retaining existing female directors.<sup>5</sup> Utilities (22.7 percent), consumer discretionary (20.2 percent), and consumer staples (20.1 percent) companies have the highest percentage of women directors in the Russell 3000, whereas the boards of energy firms are the most male-dominated, with only 10.7 percent of female members, up from a meager 8 percent in 2016.

There is a direct correlation between company size and gender diversity in the boardroom, with the highest percentage of female directors concentrated among boards of larger companies. For example, 24.1 percent of directors in manufacturing and nonfinancial services companies with annual revenue of \$20 billion or more are women, compared to only 12.8 percent of those in smaller companies with annual revenue under \$1 billion. In the financial and real estate sectors, the 14.6 percent of female directors disclosed by companies with asset value of under \$10 billion compares to the 25.7 percent found at companies with \$100

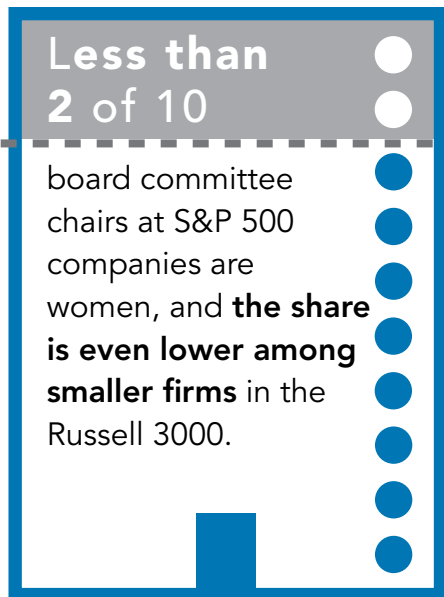
billion or more. However, when the two-year rate of change is considered, once-laggard smaller companies show bigger momentum—an indication that the gap between size groups may be narrowing: among those with revenue under \$1 billion, the rate of change is 18.5, compared to 10 for those with revenue of \$20 billion and over.<sup>6</sup> See [Figure 2.2](#).

**A staggering 20 percent of firms in the Russell 3000 still have no female representative on their board of directors; the absence is most glaring among energy companies.** The number is down from the 27.1 percent found in 2016, but still quite high when compared with the same finding in the S&P 500 (1.2 percent). In the Russell 3000, 32.6 percent of companies have one woman director, 27.3 percent have two, 12.8 percent have three, and 5.7 percent have four; only 1.9 percent report more than four female board members.

The consumer staples sector has the highest percentage of companies with more than four female directors (9.5 percent), while the energy sector has no such companies. Energy companies also disclosed the highest percentage of boards with no female representation (35.6 percent, down from 49.3 percent). Only 7.7 percent of utilities companies have no female directors—the smallest share across business sectors. The company size analysis is also quite insightful, as it shows that larger organizations have been the most responsive to the demand for diversity in the boardroom: only 0.8 percent of large manufacturing and nonfinancial companies with revenue of \$20 billion or higher and 2.4 percent of financial companies with asset value of \$100 billion and over have no women on their board of directors; in the smallest manufacturing and nonfinancial services companies, with annual revenue under \$1 billion, the percentage rises to 33.6. See [Figure 2.3](#).

<sup>5</sup> [Every Other One: A Status Update on Women on Boards](#), Policy Brief, The Conference Board, Committee for Economic Development (CED), November 14, 2016.

<sup>6</sup> The two-year rate of change is calculated as the difference between the percentage of female directors reported in 2018 disclosure filings and the one reported in 2016 filings, divided by the percentage of female directors reported in 2016 filings and multiplied by 100.



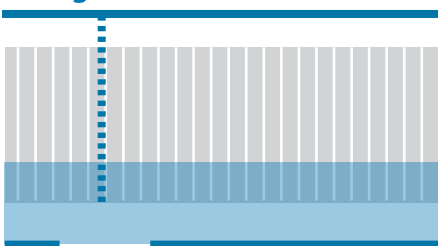
**Energy companies rank as the least diverse in terms of board committee leadership, with only**

**8%**

**of their committees led by female directors.**

36% of Russell 3000 companies had a median director tenure of less than

**6 years**



reported a median director tenure of more than 15 years

## Board and Committee Chair Gender

Although women are elected as corporate directors in larger numbers than before, almost all board chair positions are held by men. Only 4.1 percent of Russell 3000 companies have a female board chair, and the number is only slightly higher, 4.3 percent, in the S&P 500. Consumer products companies have the highest shares of boards led by women (7.7 percent of consumer staples companies and 6.3 percent of consumer discretionary companies). Only 2.2 percent of information technology firms and 1.2 percent of energy companies delegate such a key leadership role to a woman. There is no direct correlation between gender diversity in board leadership and company size. For example, only 0.8 percent of the boards of manufacturing and nonfinancial services companies with annual revenue between \$10 billion and \$19.9 billion are led by women, compared to 4.2 percent of those with annual revenue under \$1 billion. However, large companies with \$20 billion or more in revenue have twice as many female board chairs (8.9 percent) than their smaller counterparts. See [Figure 2.4](#).

Less than 2 out of 10 board committee chairs at S&P 500 companies are women, and the share is even lower among smaller firms in the Russell 3000. Energy companies are the least diverse. Larger companies are twice as inclined as smaller firms to entrust women directors with the leadership of a board committee. Among manufacturing and nonfinancial services companies with annual revenue under \$1 billion, 10.3 percent of board committee chairs are women; the percentage generally rises as the size of the company grows, up to 19.5 percent of board committee chairs at companies with an annual turnover of \$20 billion and over. Among financial and real estate companies, the share of female board committee chairs goes from 12.6 percent for firms with asset value under \$10 billion to 21.8 percent for firms of \$100 billion and over. Utilities and consumer staples companies have the best records on board committee leadership diversity: 19.6 percent of committee chairs across utilities companies of different sizes are women, as are 17.7 percent of those in the consumer staples industry group. Energy companies rank as the least diverse in terms of board committee leadership, with only 7.8 percent of their committees led by female directors. See [Figure 2.5](#).



## Director Tenure

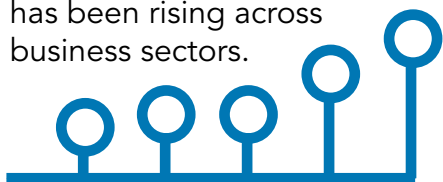
While about one-third of the departing board members in the Russell 3000 had served for less than six years, about one-fourth stepped down after more than 15 years of service. In the S&P 500, average director tenure is 11.3 years, down from the 12.2 years found in 2016. In the Russell 3000, average tenure is slightly lower at 10.4, unvaried from 2016. Some 35.9 percent of firms in the index had a median director tenure of less than six years; however, 24.1 percent of firms reported a median director tenure of more than 15 years. The longest average board member tenures are seen in the financials (13.3 years), consumer staples (11.1 years), and real estate (11 years) industries. The shortest average director tenures are in the health care (8.1 years) and communication services (8.6 years) business sectors. While there is no clear correlation between director tenure and company size, in general, small-company directors serve for a shorter period of time: the group of manufacturing and nonfinancial services companies with less than \$1 billion in annual revenue has by far the highest percentage of firms with a median director tenure of less than six years (almost half of the subsample, or 46.8 percent) and the lowest percentage of firms with a media director tenure of more than 15 years (14.8 percent). See [Figure 2.6](#).

The percentage of corporate directors with business management experience below the C-suite level has grown in the last few years.



This is true especially among larger firms (from 34% in 2016 to 41% in 2018, in the S&P 500).

The demand for a **technology** specialization and for international experience has been rising across business sectors.



As expected, the information technology (**37%**) and the communication services (**18%**) sectors show the highest percentage of Russell 3000 board members with a **technology** background.

## Director Qualifications and Skills

Especially among larger firms, the push to gender diversify boards is reflected in the growing number of corporate directors with business management experience below the C-suite level.

The percentage of S&P 500 corporate directors who did not come from the C-suite rose from 33.5 in 2016 to 41.3 in 2018, as shown by the review of director skill matrixes and biographical profiles included in proxy statements.

Candidates with these qualifications constitute 52.1 percent of directors in the health care and 52.9 percent in information technology sector. Still, top management experience continues to be the most sought-after trait among public company director candidates. About 3 in 10 Russell 3000 board members have CEO-level experience, with one currently serving as the chief executive of another for-profit company. Moreover, another fourth of board members are either active or former C-suite executives at another for-profit company. See [Figure 2.7](#).

**Demand for a technology specialization and for international experience is rising across business sectors.** As expected, the information technology (36.9 percent) and communication services (17.7 percent) sectors show the highest percentage of board members with a technology background, whereas materials (16.5 percent) and consumer staples (13.6 percent) firms attract the largest shares of directors who have mature business experience at the international level.

Financials (3.8 percent), real estate (3.8 percent), and utilities (3.7 percent) sectors are on the opposite end of the spectrum for directors with an international background. Across indexes, industry groups, and company size segments, about 2 out of 10 directors are identified in proxy statements as “audit committee financial experts,” as per SEC disclosure rules. See [Figure 2.7](#).

## First-Time Directors

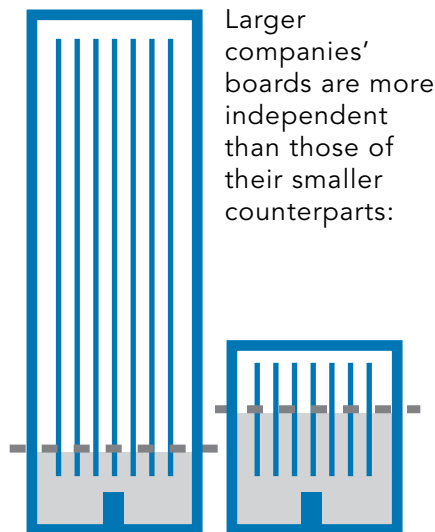
**Only a quarter of public companies elected a director who had never served on a public company board before.** Three-quarters of companies reported electing no first-time director, a percentage almost identical to the one from 2016. In both indexes, about 1 out of 5 companies elected one first-time director to their board, while only 4.3 percent elected two. The real estate (6.8 percent) and consumer staples (6.6 percent) sectors had the most firms with two elected first-time directors, while utilities industries reported the highest percentage of companies with no first-time directors elected. Companies with annual revenue of \$20 billion or higher were twice as likely to elect two first-time directors as those with an annual turnover of under \$1 billion (7.3 percent versus 3.2 percent). See [Figure 2.8](#).

## Director Independence and Affiliations

**About 4 out of 5 corporate directors at Russell 3000 companies meet independence standards, with the least independent boards seen in the communication services sector and among smaller firms.** In the Russell 3000, 80.6 percent of board members meet independence requirements, as set by the SEC and the listing standards of the securities exchange on which their company’s shares are traded. The share of independent

directors is slightly higher than the 80.1 percent reported in 2016 but lower than the 85.5 percent found in 2018 in the S&P 500. In the Russell 3000, the most independent boards are seen in companies in the materials (84.2 percent) and utilities (84 percent) sectors; however, director independence at utilities companies has declined since 2016 (85.3 percent).

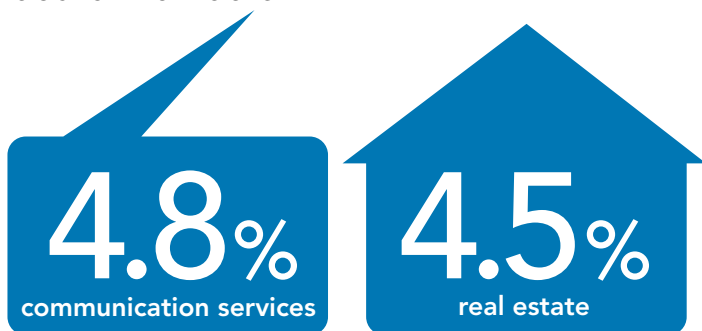
Directors typically fail the independence test because they are also employed by the company (that is always the case for the CEO, but some boards may comprise other senior executives working for the company); related to an employee; or affiliated with a professional service firm that provides services to the company. The least independent boards are seen in the communication services sector: in fact, at the median communication services company, a quarter of board members do not meet independence standards. The boards of larger companies by annual revenue are more independent than those of their smaller counterparts: for example, only 14 percent of corporate directors at companies with annual revenue of \$20 billion or higher lack independence status, compared to 21.2 percent of those at companies with less than \$1 billion in revenue. See [Figure 2.9](#).



**For example, only 14% of corporate directors at companies with annual revenue of \$20B or higher lack independence status, compared to 21% of those at companies with less than \$1B in revenue.**

In most cases, the CEO is the only executive serving on the company's board of directors; when other employees are directors, they tend to come from elsewhere in the organization than the C-suite. CEOs represent 10.4 percent of directors at companies in the Russell 3000, compared to 8.8 percent in the S&P 500; to be sure, on most boards of directors of the largest companies, the CEO is the only employee and non-independent board member. In both indexes, other C-suite executives rarely sit on the board of directors (data for the Russell 3000, in particular, shows 0.2 percent of directors who serve as chief financial officers of their company and 0.1 percent of chief technology officers), whereas 2.9 percent of other employee directors in the Russell 3000 come from lower ranks in the organization.

Business sectors with the highest percentage of employees below the **C-suite** who are board members



The business sectors with the highest percentage of employees below the C-suite holding a board seat are communication services (4.8 percent) and real estate (4.5 percent). See [Figure 2.10](#).

**The percentage of outside (non-employee) directors on corporate boards may significantly exceed the percentage of independent directors, especially among smaller organizations where some board members have close family ties with the founders or advise the company in other capacities.** Not all non-independent board members are employees of the company, and some board members fail to meet independence standards due to other disqualifying factors under the relevant securities exchange's listing standards; for example, they are family members of an employee or they work with a professional firm that provides services to the company. In the Russell 3000, 86.4 percent of directors are non-employees, while only 80.6 percent are independent. The sector with the largest share of non-employee directors that do not meet independence standards is communication services, where 85.4 percent of board members are not employed by the company and yet only 74.6 percent of board members are considered independent under applicable listing standards. The involvement on the board of strong family relations of the founders and their professional advisers is more common among smaller companies and firms at an earlier stage of their business development: in fact, the smallest group of companies by annual revenue (under \$1 billion) shows the widest discrepancy between the percentage of outside directors (84.8 percent) and the percentage of independent directors (78.8 percent). See [Figures 2.9 and 2.10](#).

Communication services companies register the highest share of corporate directors who fail the independence test because they are family members of an employee, while consumer staples organizations have the highest percentage of board members who are disqualified because of their affiliation with a professional firm providing services to the company. Even though a departing CEO may occasionally be asked to serve as board chairman in a phase of leadership transition, former company employees seldom serve or continue to serve as board members: it is the case of only 2.6 percent of Russell 3000 companies, up from the 2.3 percent of 2016; the percentage is lowest, at 1.4, for manufacturing and nonfinancial services firms with \$20 billion or more in annual revenue.

**5%** of communication services firms have directors who are family members of a company employee.



Of Russell 3000 directors, 0.7% fail the independence test because they are either members or employees of a firm providing professional services to the company.

Of Russell 3000 board members, 1.5 percent do not meet independence requirements because they are family members of a company employee; and while there are no family relations reported for board members of utilities companies, 5 percent of communication services firms have directors who are family members of a company employee. Finally, of Russell 3000 directors, 0.7 percent fail the independence test because they are either members or employees of a firm providing professional services to the company. These types of affiliations are found in 2.6 percent of the total number of directors at consumer staples firms. Interestingly, their share is much higher among larger organizations than smaller ones: 2.7 percent among companies with an annual revenue between \$10 billion and \$19.9 billion, compared to the 0.5 percent of companies with an annual revenue under \$1 billion. See [Figures 2.11 through 2.13](#).

The background of the slide is a collage of various US coins. In the foreground, a 2005 Lincoln cent is prominent on the left, showing the profile of Abraham Lincoln. To its right is a 1981 Roosevelt dime. Other coins, including a 1977 cent and a 1976 cent, are visible in the lower portion. The top half of the image shows several Roosevelt dimes. The coins are arranged in an overlapping pattern, creating a textured, metallic background.

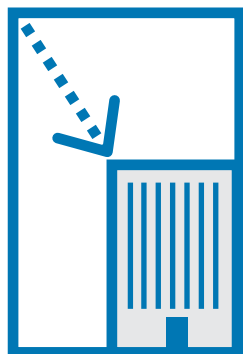
Part 3

# **DIRECTOR ELECTION AND REMOVAL**

## Director Election

**Declassified board structures with annual director elections have become prevalent, even though stark differences continue to be seen between large and smaller firms.** A majority of companies in both indexes now elect members of their boards of directors on an annual basis, having abandoned the staggered-years structure of the past. This state of affairs is largely the result of shareholder resolutions initiated in the last decade requesting that large S&P 500 companies declassify their board structure.<sup>7</sup> The Shareholder Rights Project (SRP), a clinical program sponsored by Harvard Law School to represent public pension funds and other institutional investors seeking to improve corporate governance at publicly traded companies in which they are shareholders, has primarily spearheaded these resolutions.

**Only 10%** of financial institutions with asset value of \$100B or higher have classified boards, compared to **44%** of those with asset value under \$10B.



When a board is classified, directors are organized into two or three classes; each class faces election every two or three years. Under most state laws, the default rule provides for all directors to be elected annually. However, to make it more difficult for hostile or activist shareholders to gain control of the board, organizational documents (charters, initial bylaws, or bylaws adopted by a majority of shareholders) can prescribe the longer, staggered terms of a classified structure: in this case, the activist must win more than one proxy contest at successive shareholder meetings to elect a majority of the board members and exercise control of the target.<sup>8</sup>

Director classes continue to be used by 59.3 percent of health care companies, while only about one-fifth of real estate firms still retain them. The company size analysis, however, is the most revealing, with striking differences between small and larger organizations. For example, only 9.5 percent of financial institutions with asset value of \$100 billion or higher have classified boards, compared to 44.1 percent of those with asset value under \$10 billion. And almost 60 percent of companies with revenue under \$1 billion continue to retain a classified board and do not hold annual elections for all of their directors. See [Figure 3.1](#).

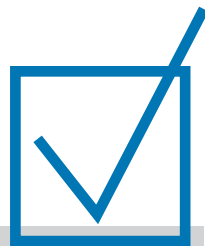
<sup>7</sup> *Shareholder Rights Project*, Harvard Law School, August 12, 2014 ([srp.law.harvard.edu](http://srp.law.harvard.edu)). The SRP ran from 2012 to 2014, sponsoring dozens of board declassification proposals on behalf of its institutional clients.

<sup>8</sup> See Lucian Arye Bebchuk, John C. Coates IV, and Guhan Subramanian, "The Powerful Antitakeover Force of Staggered Boards: Theory, Evidence, and Policy," *Stanford Law Review* 54, 2002, p. 887.

**Voting standards for director election differ greatly depending on the size of the company. Though declining in popularity, a simple plurality voting standard remains prevalent.** Under the standard, which operates by default under Delaware law unless the company opts otherwise through its charter or bylaws, uncontested nominees who receive the most *for* votes are elected to the board until all board seats are filled, even if a majority of shares are voted *against* those individuals. A slight variation is the “plurality plus” standard, under which directors who received more *withhold* votes than *for* votes must formally tender their resignation to the board. In 2018, in particular, 47 percent of companies still had a

In 2018, 47% of companies in the Russell 3000 had a simple plurality voting system, down from 51% in 2016.

**5%**  
opted for the  
“plurality plus”  
variant (slightly up from 4%  
in 2016)



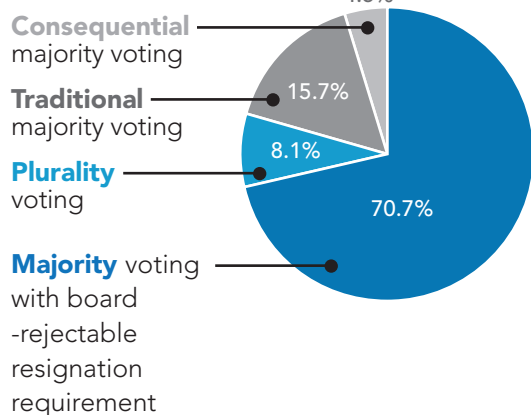
By way of comparison, in the S&P 500, only **9%** of companies still use either the simple plurality standard or the “plurality plus” standard, **down from 12% in 2016.**

simple plurality voting system (down from 50.7 percent in 2016), while 4.5 percent opted for the “plurality plus” variant (slightly up from 4.2 percent in 2016). By way of comparison, in the S&P 500, only 9.1 percent of companies still use either the simple plurality standard or the “plurality plus” standard, and the percentage is down from 11.7 in 2016.

The business sectors with the highest share of companies with a simple plurality voting standard are communication services (63.9 percent), health care (59.5 percent), and financials (54.6 percent), while the lowest share is among materials companies (27.7 percent). As mentioned, the larger the company, the more likely it is to have abandoned the default standard in favor of some form of majority voting: for example, only 6.5 percent of large manufacturing and nonfinancial services firms with revenue exceeding \$20 billion and only 4.8 percent of large financial firms with assets valued at \$100 billion or higher retain a simple plurality electoral system. See [Figure 3.1](#).

**Majority voting has become the regime of choice among larger companies, while only a fraction of smaller organizations use it. It remains remarkably uncommon among communication services firms.** More than 90 percent of S&P companies have adopted a majority voting standard for uncontested director elections. However, at 15.7 percent of these companies, majority voting is applied in its traditional form, where nominees must receive more *for* votes than *against* votes to be elected, but there is no explicit consequence for incumbent directors who fail to receive a majority of *for* votes. Instead, in 70.7 percent of cases, majority voting bylaws contemplate a board-rejectable resignation requirement, where a director who receives more *against* votes than *for* votes must tender his or her resignation to fellow board members. (Boards retain the discretion to accept or decline the resignation.) Only 4.5 percent of S&P 500 companies and 2.5 percent of Russell 3000 companies have adopted the most stringent form of the majority voting standard, “consequential” majority voting, which requires unelected incumbents to automatically step down within a certain period of time after the election.

## In S&P companies



In the Russell 3000, the number of companies with majority voting bylaws has grown, but they remain a minority (48 percent of the total, up from 45 percent in 2016). Of those making under \$1 billion in annual revenue, the share of firms using a majority voting system with a board-rejectable resignation is a mere 14.2 percent. The highest percentage of companies with a formal resignation protocol is seen in the materials sector (46.9 percent), while the lowest is among communication services companies (14.8 percent). The highest percentage of firms with a consequential majority voting standard is seen in the energy sector (6.6 percent), while the lowest are in information technology (0.8 percent), real estate (1 percent), utilities (1.3 percent), and financial firms (1.7 percent). See [Figure 3.1](#).

### **A few large companies involve shareholders in the process of changing the number of board seats or filling newly created board seats, departing from statutory rules on the exclusive authority of incumbent directors on matters of board structure.**

Under the Delaware General Corporation Law (DGCL) and several other state laws, there is no default rule on the maximum number of seats a board may have or the procedure to change the number of seats. In both examined indexes, almost all companies' organizational documents assign such authority to the board of directors. In the Russell 3000, 8.5 percent of companies have a procedure regulating a joint authority by the board and shareholders; such a joint process is more common among larger companies (13.8 percent of those with annual revenue of \$20 billion and over) and in the consumer staples industries (13.1 percent of companies in the sector). Also, under DGCL and several other state laws, the board can fill newly created seats between scheduled elections unless the charter or bylaws state otherwise. About one-tenth of Russell 3000 companies do have an overriding charter or bylaws on the authority to fill newly created seats, either by instituting a joint board-shareholder procedure or by delegating the authority to shareholders alone. In the group of companies with annual revenue between \$10 billion and \$19.9 billion, for instance, about 4.7 percent of firms depart from the statutory default rule by adopting a process where investors fill a share of newly created board seats, while the other share is filled by incumbent directors. See [Figures 3.2-3.3](#).

**The engagement of outside professionals in board searches has become a widely common practice, including among smaller companies, with the consumer discretionary and information technology sectors reporting the highest usage.** In both indexes, the majority of companies disclose using a professional search firm to seek director nominees for board elections. In the Russell 3000, 55.2 percent of companies disclosed this use; in the S&P 500, it was 75.5 percent, up from 73.8 percent in 2016.

The **majority of companies** disclose using a professional search firm to seek director nominees for board elections.



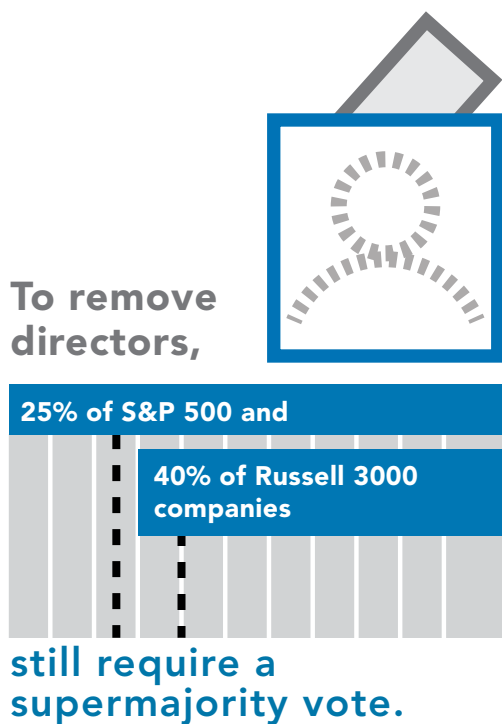
Companies in the information technology (64.4 percent) and consumer discretionary (61.3 percent) industries were most likely to use such a service, while those in financials (41.2 percent) were least likely.



The largest firms are more likely to invest the resources to engage an outside service provider, and there is in fact a direct correlation between the use of professional search firms and the size of the company (both by annual revenue and asset value): for example, while only 50.4 percent of manufacturing and nonfinancial services firms with less than \$1 billion in annual revenue hire a director recruiting firm, the percentage rises to 74 in the size group of \$20 billion and over. Less than half of the financial companies in the two groups with asset values below \$100 billion outsource, at least in part, the board recruitment process. See [Figure 3.4](#).

## Director Removal

**More than half of companies in the Russell 3000 retain a charter provision that requires shareholders to show cause before they can remove a director.** Under most state laws, shareholders representing a majority of shares entitled to vote at an election of directors may remove any director even without cause, unless the company has a classified board or allows cumulative voting. However, several companies with recently declassified boards still retain old charter provisions restricting shareholders' authority to remove directors to situations where there is a "cause" of removal (e.g., unethical behavior, recurring absence from meetings, or other violations of corporate policies). In fact, this restriction is present in 54.8 percent of Russell 3000 companies and 36.3 percent of S&P 500 companies. Some 62.8 percent of companies with annual revenue under \$1 billion limit director removal to causative circumstances, while their share is halved among larger organizations with annual revenue of \$20 billion or higher. The real estate (66.2 percent) and health care (65.5 percent) sectors have the highest percentage of cases of removal for cause only. See [Figure 3.5](#).



**Now that the Delaware Chancery Court has ruled invalid a corporate bylaw provision requesting a supermajority vote for the removal of directors, the few Delaware public companies that continue to abide by this requirement may need to repeal it to avoid shareholder lawsuits.**

Most companies do not set a supermajority vote requirement for the removal of directors, but the requirement lingers in the organizational documents of 24.5 percent of S&P 500 and 39.6 percent of Russell 3000 companies. Where found, the requirement is most frequently for two-thirds of the votes (52.5 percent of cases in the Russell 3000) or for three-fourths of the votes (21.9 percent of cases). In the real estate sector, 63.5 percent of companies require a supermajority vote to remove a board member, as do 52.6 percent of all financial and real estate companies with asset value under \$10 billion. The Delaware Chancery Court recently found that a corporate bylaw provision requesting a supermajority vote for the removal of directors violates Section 141(k) of the Delaware General Corporation Law, which allows directors to be removed by a simple majority vote.<sup>9</sup> See [Figures 3.6 through 3.8](#).

<sup>9</sup> *Frechter v. Zier*, No. 12038-VCG, 2017 WL 345142 (Del. Ch. Jan. 24, 2017).

**A quarter of S&P 500 companies transfer from the board to shareholders the authority to fill some or all vacancies resulting from the removal of directors—a practice that may favor leadership changes prompted by activist investors.**

Under Delaware and most other state laws, following the removal from office of board members, the majority of directors still in office fill any vacant seats. However, through a charter or bylaws provision, all or a share of vacancy-filling power may be transferred to shareholders. Especially if combined with the right to call special meetings, the vacancy-filling power may be used by activist shareholders to replace one or more directors between annual elections, possibly even without cause. For this reason, despite the support that the practice generally receives from institutional investors and proxy advisory services,<sup>10</sup> departure from the statutory standard is generally uncommon, especially among mid-sized and smaller organizations.

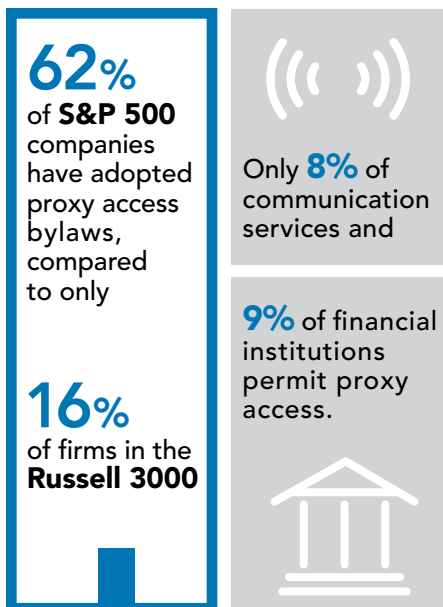
In the S&P 500, for example, 15.1 percent of companies enable shareholders to fill a share of the vacancies due to the removal of directors, and 10.2 percent transfer the authority to shareholders for all, not just a portion of, vacant seats. In the Russell 3000, utilities (14.3 percent) and information technology (13.4 percent) industries have the highest share of companies delegating to shareholders the power to fill a portion of the seats of removed directors. There is an inverse correlation between the size of the firm and the likelihood that shareholders, not only board members, are involved in the vacancy-filling process following a director removal. Among financial and real estate firms with assets worth \$100 billion or more, about 43 percent of companies have transferred the vacancy-filling power to the shareholders—whether to fill all or a portion of the vacant seats. See [Figure 3.9](#).

## Proxy Access

**Amid rising shareholder pressure, many large public companies in the last two years have adopted their own version of proxy access. The financial sector, however, lags**

**behind others.** Proxy access enables shareholders to include their own board nominees on the proxy ballot, alongside candidates proposed by management: some 61.5 percent of S&P 500 companies have adopted proxy access bylaws, compared to only 15.5 percent of firms in the Russell 3000. Practices differ greatly depending on the size of the firm; some form of shareholder access to the proxy ballot is permitted in more than 70 percent of manufacturing and nonfinancial services organizations with annual turnover of \$20 billion or higher, whereas only a mere 1.7 percent of those with revenue under \$1 billion have instituted it.

The business sectors with the highest share of proxy access bylaws are utilities (37.2 percent, a significant increase from the 10.7 percent found in 2016), materials (24.4 percent; it was only 4.9 percent in 2016), and energy (24 percent, up from 12.5 percent in 2016). Only 8.3 percent of communication services and 9.3 percent of financial institutions permit proxy access; in the financial sector, these bylaws



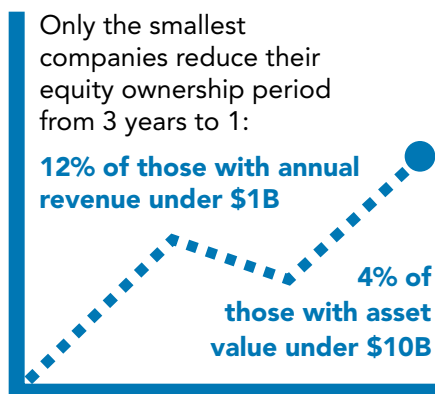
<sup>10</sup> See, for example, *United States Proxy Voting Guidelines. Benchmark Policy Recommendations*, Institutional Shareholder Services, December 6, 2018, p. 19.

have been adopted by 4.4 percent of organizations with asset value under \$10 billion, while the number rises to 59.5 percent among firms with assets valued at \$100 billion or more. More than 95 percent of proxy access bylaws seen in the Russell 3000 have been adopted since 2015; 43.9 percent were introduced in 2016 alone. Large financial companies were early adopters of these bylaws: 60 percent of those with asset value of \$100 billion or more that introduced some form of proxy access did so in 2015. See [Figures 3.9](#) and [3.10](#).

**The most common formulation of Russell 3000 proxy access bylaws is the so-called 3/3/20/20, where one or more shareholders owning at least 3 percent of equity for at least three years can submit proxy access nominees up to a maximum of 20 percent of the board or a minimum of two directors.**

Under the same prevalent formulation, up to 20 shareholders may aggregate their holdings to meet the minimum submission requirements described above. In more than 80 percent of cases, the proxy access bylaws also contain a loaned share provision, permitting shareholders to count loaned shares toward the minimum percentage ownership requirement. Only the smallest companies (11.8 percent of those with annual revenue under

\$1 billion and 4.3 percent of those with asset value under \$10 billion) reduce their ownership period to one year. About 8 percent of Russell 3000 companies with proxy access bylaws enable eligible shareholders to nominate individuals for up to 25 percent, rather than 20 percent, of the board seats available; only 5.9 percent of small companies with annual revenue under \$1 billion set a maximum of one board seat for which a proxy access nominee can be elected. Also, 29.4 percent of the proxy access bylaws of small companies with annual revenue under \$1 billion set no limits with respect to the number of shareholders that can join forces for the purpose of meeting the proxy access submission requirements. See [Figures 3.11 through 3.16](#).



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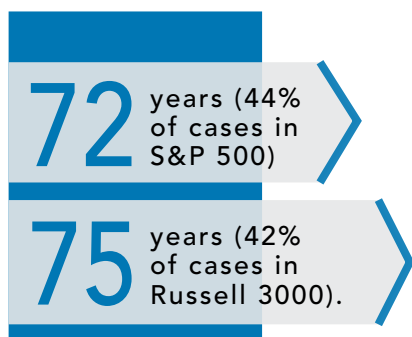
Part 4

## **OTHER BOARD POLICIES**

## Mandatory Retirement Policies

Responding to the demand for board refreshment and next-generation directors, the majority of companies with annual revenue of \$20 billion or higher have adopted policies setting director retirement ages. In 2018, 41.3 percent of S&P 500 and 24.7 percent of Russell 3000 companies disclosed a mandatory retirement policy based on the age of the board member. There is a linear, direct correlation between the adoption of this type of retirement policy and the size of the firm: while only 13.1 percent of companies with annual revenue under \$1 billion have established it, the percentage rises to 39.1 for firms with revenue between \$10 billion and \$19.9 billion and 50.4 percent for those with revenue of \$20 billion or higher. Utilities (52.6 percent) and materials (36.9 percent) are the sectors with the highest percentage of companies mandating a retirement age for directors; only 15.2 percent of health care companies and 14.8 percent of communication services companies promote board refreshment through such a requirement.

The most prevalent retirement age set by mandatory retirement policies is



The historical comparison with 2016 disclosure documents shows little variation; in fact, in both indexes the share of firms enforcing the policy has slightly declined. In the S&P 500, the most prevalent retirement age set by mandatory retirement policies is 72 years (43.6 percent of cases), compared to 75 years at Russell 3000 companies (42.3 percent of cases). Nearly 80 percent of Russell 3000 companies set their mandatory retirement age at either 72 or 75 years. The smallest companies feature the broadest range of retirement ages set by company policy: 3.5 percent of companies with annual revenue under \$1 billion use a mandatory retirement age for directors of 80 years, compared to none of the companies with annual revenue of \$20 billion and over. See [Figures 4.1 and 4.2](#).

**Term limits, or mandatory retirement policies based on tenure, continue to remain uncommon as companies prefer having the flexibility to retain valuable board members despite their long service.** Only 5.1 percent of S&P 500 companies and 3.3 percent of Russell 3000 organizations report having such a policy. The utilities sector discloses the highest share of Russell 3000 firms setting director retirement requirements based on their board tenure (9 percent); the lowest percentage is found among financial institutions (1.5 percent). Larger manufacturing and nonfinancial companies are more than twice as likely to use a term limit to encourage board refreshment than smaller organizations: these policies are reported by 2.5 percent of companies with less than \$1 billion in revenue and 5.7 percent of companies with an annual turnover of \$20 billion or higher.

Among financial companies, there is no direct correlation between company size and the degree of adoption of retirement policies based on tenure: for example, the policy in question is disclosed by 4.5 percent of companies with asset value between \$10 billion and \$99 billion and only 2.4 percent of those with asset value of \$100 billion or higher. In both indexes, the most frequently used tenure in retirement policies is 15 years (48 percent of S&P 500 and 43.5 percent of Russell 3000 companies have such a policy). In the Russell 3000, 6.5 percent of companies with a retirement requirement based on tenure set the tenure at 20 years or longer. See [Figures 4.3 and 4.4](#).

## Resignation Policies

Prompted by the need to encourage ongoing assessment of director qualification and to refresh board composition, large companies are increasingly implementing resignation policies triggered by a change in the director's employment status. In the S&P 500, 77.2 percent of companies require their corporate directors to notify the board chair and/or the nominating committee when their employment status changes. Under these policies, directors must offer their resignation from the board; the board chair and/or the nominating committee may choose whether to accept the resignation.

Director resignation policies for change of status are far less common among smaller organizations, as shown by the numbers recorded for the entire Russell 3000 (46.9 percent) and for Russell 3000 firms with annual revenue under \$1 billion (32.3 percent) or asset value under \$10 billion (32.2 percent). The need to control the costs of unanticipated searches for new talent could provide a possible explanation for the disparity of these findings across company size groups.

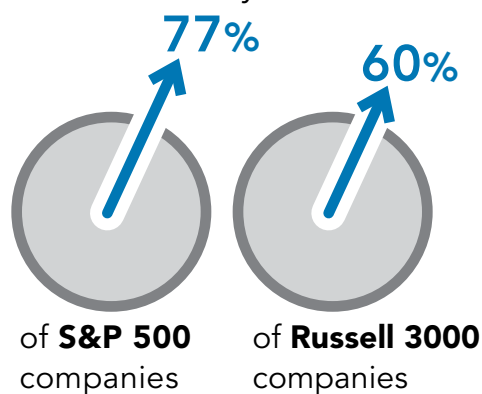
In some companies, an outgoing CEO is also expected to tender his or her resignation from the board. Specific CEO resignation policies, less common than those applicable to all directors, are disclosed by 36.8 percent of S&P 500 and 22.7 percent of Russell 3000 firms. The industrials (29.3 percent) and health care (27.4 percent) sectors reported the highest percentages of such cases; communication services (17.4 percent) and financials (16.2 percent) companies, the lowest. Very large companies are more likely to impose such a strict resignation policy on their CEOs: 46.3 percent of manufacturing and nonfinancial firms with annual revenue of \$20 billion or higher do so. See [Figures 4.5 and 4.6](#).

## Overboarding Policies

To guarantee the time commitment that board service requires, companies increasingly restrict the number of other directorships their board members may accept; three to four

other boards has become the standard limit. A little more than a decade ago, so-called director overboarding policies were found in only a quarter of S&P 500 firms.<sup>11</sup> How times have changed: 77.4 percent of S&P 500 and 60.4 percent of Russell 3000 companies now have such policies, which are especially popular among companies in the real estate (72 percent), utilities (67.9 percent), and energy (67.7 percent) industries. In the financial and real estate sectors, 85.7 percent of organizations with asset value of \$100 billion or more limit their directors' ability to join new boards, almost twice the percentage of financial firms with less than \$10 billion in assets (49.5 percent).

Director overboarding policies are disclosed by



<sup>11</sup> 2016 Spencer Stuart Board Index. *A Perspective on U.S. Boards*, Spencer Stuart, 2016, p. 15. The study found that, in 2006, only 27 percent of S&P 500 companies had director overboarding policies.

In the S&P 500,

28%

of the overboarding policies set a limit of three other directorships,



while

43%

allow their directors to join as many as four other boards.



In the Russell 3000,

9%

of companies allow up to five additional directorships,



compared to

6%

of S&P 500 companies.

When an overboarding policy is in place, it most often sets a numerical limit of three to four additional board seats. In the S&P 500, 28.3 percent of the overboarding policies set a limit of three other directorships, while 42.8 percent allow their directors to join as many as four other boards. In the Russell 3000, 9.3 percent of companies allow up to five additional directorships, compared to 6.3 percent of S&P 500 companies. Of financial institutions with less than \$10 billion in assets, 33.2 percent explicitly state in their policies that additional board services are permitted, with no limitations; only 5.6 percent of companies with asset value of \$100 billion or higher have such a provision. See [Figures 4.7 and 4.8](#).

**When companies adopt a separate overboarding policy for their CEO, they often limit the number of additional board memberships to two.**

In the S&P 500, 22.3 percent of companies have a specific policy preventing the overboarding of their CEO, compared to 18 percent of the Russell 3000. These restrictions are more prevalent in the consumer discretionary (26 percent), utilities (24.4 percent), and industrials

(23.5 percent) sectors, while the lowest share is seen among financial institutions (10.5 percent) and communication services firms (14 percent). While only 14.1 percent of companies with annual revenue under \$1 billion have adopted such a policy, the policy is found in 27.6 percent of companies with annual turnover of \$20 billion and over. When a CEO overboarding policy is in place, it almost always limits the number of additional board services to two (59.5 percent of cases, in the Russell 3000) or one (33.6 percent); 21.1 percent of CEO overboarding policies used by utilities firms, or by far the highest percentage across business sectors, permit the CEO to serve on as many as three boards of directors. See [Figures 4.9 and 4.10](#).

**Most overboarding policies require directors to notify the board chair or nominating committee of any received invitation to join an additional board, while an explicit preapproval requirement is seldom included.** Some overboarding policies have notification and/or preapproval provisions. Under the former, the corporate director can only accept an invitation to serve on another board of directors after notifying the board chair or the nominating/governance committee. Under the latter, the corporate director must seek explicit approval from the board chair or the nominating/governance committee before accepting an invitation to join another board. Notification provisions are the most common of the two, as they can be found in 65.2 percent of S&P 500 companies and 50.5 percent of Russell 3000 companies. Only 14.3 percent of S&P 500 companies and 10.8 percent of Russell 3000 companies include a preapproval requirement in their director (or CEO) overboarding policies. The preapproval provision is somewhat more frequent in large organizations—with 18.9 percent of cases seen in companies with annual revenue of \$20 billion and over, compared to 7.3 percent of those with less than \$1 billion in revenue. The share of companies in the utilities business sector with a preapproval provision in their overboarding policy (16.7 percent) is twice as large as the one found in the health care sector (7.9 percent) See [Figures 4.11 and 4.12](#).

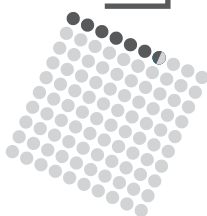
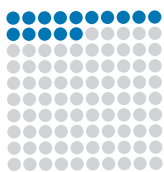
## Director Skill Disclosure

**Skill matrixes have become an effective way to display directors' set of competencies and assure stakeholders of the company's efforts to diversify board composition, and their rate of adoption in proxy statements has doubled in just two years.** A growing number of companies comply with SEC rules requiring disclosure of director qualifications

and skills by displaying such skills in a matrix format rather than merely describing them in the biographical profile of each board member. The graphical representation in a matrix facilitates the understanding of the full set of competencies that contribute to the board of directors' oversight responsibilities and can be useful for investors to spot areas of weakness. In 2016, only 14.8 percent of S&P 500 companies and 6.5 percent of Russell 3000 companies published a skill matrix in their proxy statement; in 2018, the numbers were up twofold in both indexes, respectively to 30.2 and 12.7 percent. One-quarter of utilities companies and one-fifth of real estate companies rely on skill matrixes to comprehensively display the board's expertise, while only 4.6 percent of communication services companies do so. In the health care sector, the rate of use of skill matrixes is quite low, or 6 percent, but it has more than doubled since 2016. Among large manufacturing and nonfinancial services companies with annual revenue of \$20 billion or higher, skill matrixes are found in the 2018 proxy disclosure of 35.8 percent of companies—the highest showing among the various segments of the Russell 3000 universe. See [Figure 4.13](#).

**30% of S&P 500  
and 13% of  
Russell 3000**

companies published a skill matrix in their 2018 proxy statement, a twofold increase in both indexes from 2016



## Exclusive Forum Bylaws

**More than a third of companies have adopted bylaws discouraging investors planning to bring a lawsuit from forum shopping.** These bylaws require that certain litigation commenced by shareholders against the company be adjudicated in courts located in the company's state of incorporation. Through exclusive forum bylaws, companies can discourage investors from seeking to bring suits in jurisdictions favorable to the plaintiff and avoid costly multijurisdictional litigation; most importantly, they can reduce the risk of inconsistent outcomes by relying on the well-established case law of courts with specific expertise in corporate matters, such as the Delaware Court of Chancery. While most of the exclusive forum provisions are adopted by firms incorporated in Delaware, they are found even among companies in other states. They are particularly common among smaller companies and companies preparing for an initial public offering, which is why their rate of adoption is similar across the S&P 500 (36.7 percent) and the Russell 3000 (37.4 percent) and higher among smaller companies (43.6 percent of companies with less than \$1 billion in annual revenue, compared to 34.1 percent of those with revenue of \$20 billion or more). Exclusive forum bylaws are more prevalent in health care firms (49.7 percent of them have them) and less so in financials (25 percent) and utilities (19.2 percent). See [Figure 4.14](#).



## Director Orientation and Continuing Education

**Organizations increasingly rely on their own internal expertise to support directors' orientation and continuing education needs, while the practice of engaging educational third-party providers has been declining over the years.** The vast majority of companies offer orientation and continuing education programs for their board members; they are absent in about one-fifth of Russell 3000 companies and only 4.1 percent of S&P 500 companies. However, the practice of engaging third-party education providers has

been declining over the years; today, organizations increasingly rely on in-house programs designed to draw upon the expertise of other (senior) board members, executives, and functional employees. More than two-thirds of companies in either index do so and hire no outside firm for this purpose. The financials sector reports the highest percentage of Russell 3000 firms with no policy on director continuing education (30.1 percent). Most of these firms are smaller financial institutions, with asset value under \$10 billion; 28.6 percent of them do not disclose information on their professional development programs for directors, while only 2.4 percent of larger financial companies with asset value of \$100 billion and over lack a structured educational effort. More than 28 percent of such larger financial firms have instituted a director orientation and continuing education program that uses a combination of in-house and outside resources. See [Figure 4.15](#).

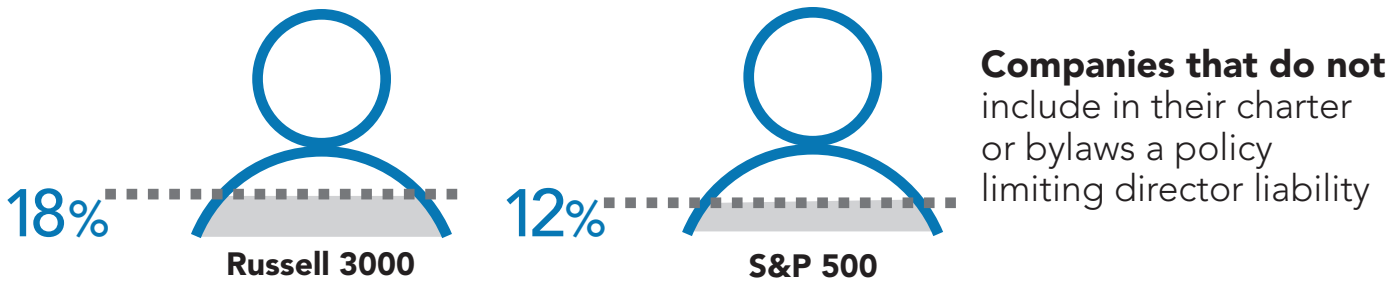


reports the highest percentage of Russell 3000 firms with no policy on director continuing education (**30%**); most of these firms are smaller financial institutions, with asset value under \$10B (**29%**).

## Director Indemnification Policies

**With the expansion of boards' workload and responsibilities, corporate policies on director indemnification and the advancement of legal fees have become widespread.** Director indemnification policies guarantee the reimbursement of any qualifying expense, loss, or judgment incurred by board members in the performance of their duties. Only 2.6 percent of S&P 500 companies and 3.5 percent of Russell 3000 companies do not provide indemnification policies to their board members, with the highest share found in the utilities sector (10.3 percent, down from 10.7 percent in 2016) and the lowest in the materials sector (0.8 percent, down from 2.5 percent in 2016). In the financial and real estate sectors, all companies with asset value of \$100 billion and over report offering director indemnification policies. Most of the companies indemnifying their directors of liabilities incurred in their job also advance payment of fees charged to obtain representation in legal proceedings, with no correlation with company size. The highest percentage of companies with no policy on advancement of legal fees is found in the utilities sector (26.9 percent); the lowest is in the real estate sector (6.9 percent). See [Figures 4.16 and 4.17](#).

In both indexes, more than four-fifths of firms have included in their charter (or adopted bylaws with) a provision limiting director liabilities toward the corporation, to the extent permitted by applicable state laws. The formulation of these clauses varies, but they typically state that the director is not personally liable for any act or omission in the performance of the director's responsibilities, unless such act or omission constitutes self-dealing, willful misconduct, recklessness, violation of any criminal statute, or failure to pay taxes.



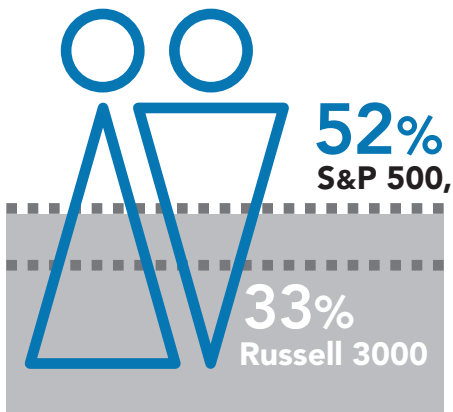
Some 17.5 percent of companies in the Russell 3000 and 12 percent in the S&P 500 do not include a policy limiting director liability. Financial firms report the highest percentage of cases where the company does not limit director liability (24.7 percent), while health care (11.6 percent) and real estate (11.1 percent) companies have the lowest. Smaller companies are as likely as bigger ones to include such a provision in their organizational documents. See [Figure 4.18](#).

## Board Diversity Policies

Half of the S&P 500 members and one-third of the companies in the Russell 3000 have a formal, written policy on diversity for the selection of board candidates. In the S&P 500, 52.1 percent of companies disclosed that they consider gender diversity as part of their process for the assessment and selection of board candidates; in comparison,

in the Russell 3000, only 32.6 percent of index members have a board diversity policy in place. The policy typically proclaims the company's commitment to the value that the board of directors derives from the inclusion of different perspectives and ideas; it may then articulate the objective, merit-based criteria for director selection as well as the company's intention to assess those criteria across a diverse group of candidates. While some companies are specific about the notion of diversity extending to gender, race, ethnicity, geography, and professional experience, others use more generic language.

Board diversity policies in the Russell 3000 are more prevalent among utilities (52.6 percent) and energy (41.9 percent) companies, while they are less common among communication services firms (only about one-quarter of companies in these industries disclose the policy) and in consumer staples (27.1 percent). There is a clear, direct correlation between the size of the company and the rate of adoption of a board diversity policy for the selection of directors:

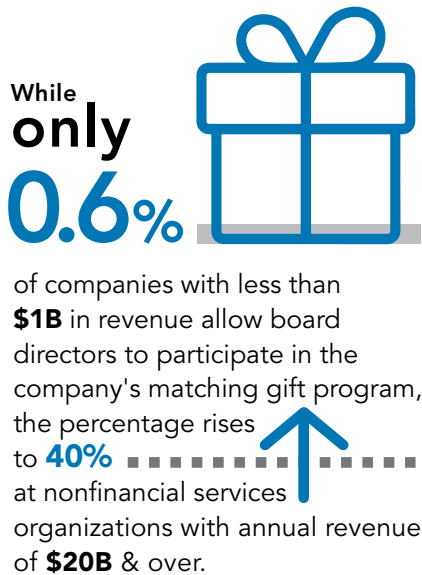


disclosed that they consider gender diversity as part of their process for assessing and selecting board candidates

only 24.7 percent of manufacturing and nonfinancial services firms with an annual turnover under \$1 billion report the policy; the share rises to 43.1 percent for companies with revenue between \$5 billion and \$9.9 billion, and to 56.1 percent for companies with \$20 billion or more in revenue. In the financial services and real estate sector, the rate of adoption of a board diversity policy doubles in organizations with asset value of \$100 billion or more compared to firms with asset value of less than \$10 billion. See [Figure 4.19](#).

## Director Eligibility for Matching Gift Programs

About one-fourth of the S&P 500 companies extend the eligibility of their matching gift programs to their board members, compared to less than one-tenth in the Russell 3000.



Corporate policies on matching charitable contributions define eligibility criteria, which may include employees with a specified minimum tenure at the organization, family members of those employees, retirees, and, in certain cases, board members. Matching gift programs for directors are quite uncommon in the information technology (3.5 percent) and real estate (3.2 percent) sectors and more prevalent in the utilities (19.2 percent) and materials (14.6 percent) sectors. In the Russell 3000, while only 0.6 percent of companies with less than \$1 billion in revenue have a program extensible to directors, the percentage rises to 39.8 among the manufacturing and nonfinancial services organizations with annual revenue of \$20 billion and over. In the financial services sector, these policies are found in less than 10 percent of organizations with less than \$100 billion in asset value, while almost 40 percent of those with \$100 billion and more have them. See [Figure 4.20](#).

The background of the page is a collage of various US coins, including pennies, nickels, and dimes, arranged in an overlapping pattern. The coins are rendered in a semi-transparent, muted color palette, creating a textured, layered effect. The text is centered over this background.

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# Part 1

## BOARD ORGANIZATION

Figure 1.1

**Board size, by index**

Number of directors, percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=486	2018 n=2,820	2016 n=2,687
<b>Mean</b>	<b>11.8</b>	<b>11.6</b>	<b>9.6</b>	<b>9.5</b>
<b>Median</b>	<b>12.0</b>	<b>11.0</b>	<b>9.0</b>	<b>9.0</b>
Less than 6 directors	0.4%	0.6%	4.0%	5.5%
6 directors	0.4	0.4	6.3	6.7
7 directors	1.6	2.1	10.5	12.3
8 directors	5.1	6.8	14.5	13.7
9 directors	8.1	10.7	16.5	15.8
10 directors	15.0	12.3	15.5	13.8
11 directors	17.0	18.3	10.9	12.0
12 directors	18.5	15.6	8.8	7.7
More than 12 directors	33.9	33.1	13.1	12.5

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.1a

### Board size, by industry

Number of directors, percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=108	2016 n=103	2018 n=339	2016 n=326	2018 n=105	2016 n=102	2018 n=163	2016 n=152
<b>Mean</b>	<b>10.1</b>	<b>9.7</b>	<b>9.5</b>	<b>9.4</b>	<b>10.4</b>	<b>10.3</b>	<b>9.1</b>	<b>9.0</b>
<b>Median</b>	<b>10.0</b>	<b>10.0</b>	<b>9.0</b>	<b>9.0</b>	<b>10.0</b>	<b>10.0</b>	<b>9.0</b>	<b>9.0</b>
Less than 6 directors	6.5%	5.8%	3.8%	5.5%	5.7%	5.9%	6.1%	6.6%
6 directors	3.7	8.7	5.9	5.5	2.9	3.9	8.0	7.9
7 directors	8.3	7.8	10.6	14.4	7.6	8.8	9.2	17.8
8 directors	10.2	11.7	13.0	12.3	10.5	5.9	16.0	14.5
9 directors	16.7	13.6	19.2	15.6	16.2	21.6	17.2	13.8
10 directors	12.0	17.5	14.5	13.2	13.3	10.8	17.8	11.8
11 directors	7.4	5.8	13.0	14.7	10.5	10.8	12.9	13.2
12 directors	9.3	13.6	9.1	8.6	9.5	5.9	6.1	5.9
More than 12 directors	25.9	15.5	10.9	10.1	23.8	26.5	6.7	8.6

	Financials		Health care		Industrials		Information technology	
	2018 n=523	2016 n=506	2018 n=426	2016 n=395	2018 n=393	2016 n=379	2018 n=366	2016 n=347
<b>Mean</b>	<b>10.9</b>	<b>10.8</b>	<b>8.9</b>	<b>8.7</b>	<b>9.6</b>	<b>9.4</b>	<b>8.8</b>	<b>8.6</b>
<b>Median</b>	<b>11.0</b>	<b>11.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>
Less than 6 directors	2.7%	2.8%	4.7%	6.8%	3.1%	4.0%	3.6%	6.6%
6 directors	5.7	5.3	7.3	9.9	4.8	6.3	9.6	7.2
7 directors	6.3	7.7	14.3	15.4	8.7	10.3	13.9	17.0
8 directors	7.3	8.5	18.3	17.2	16.0	14.8	18.3	18.4
9 directors	14.1	13.6	18.1	16.5	18.1	16.4	18.6	19.0
10 directors	12.8	11.3	15.5	13.4	17.6	16.9	17.2	15.6
11 directors	11.5	13.8	9.2	9.6	11.7	13.7	8.7	7.2
12 directors	11.1	10.3	6.8	4.8	10.2	8.7	4.4	4.3
More than 12 directors	28.5	26.7	5.9	6.3	9.9	9.0	5.7	4.6

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=123	2018 n=188	2016 n=178	2018 n=78	2016 n=76
<b>Mean</b>	<b>9.8</b>	<b>10.0</b>	<b>8.6</b>	<b>8.3</b>	<b>10.6</b>	<b>10.4</b>
<b>Median</b>	<b>10.0</b>	<b>10.0</b>	<b>8.0</b>	<b>8.0</b>	<b>10.0</b>	<b>10.0</b>
Less than 6 directors	0.8%	1.6%	6.9%	13.5%	3.8%	3.9%
6 directors	3.1	2.4	9.6	9.0	1.3	2.6
7 directors	10.7	9.8	16.0	15.2	6.4	3.9
8 directors	20.6	15.4	20.2	16.3	9.0	10.5
9 directors	12.2	14.6	12.8	15.2	9.0	13.2
10 directors	15.3	16.3	14.9	9.6	23.1	19.7
11 directors	17.6	20.3	9.0	8.4	6.4	15.8
12 directors	9.9	8.9	5.9	5.1	25.6	15.8
More than 12 directors	9.9	10.6	4.8	7.9	15.4	14.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.1b

**Board size, by company size**

Number of directors, percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=974	2016 n=962	2018 n=695	2016 n=648	2018 n=189	2016 n=168	2018 n=128	2016 n=119	2018 n=123	2016 n=106
<b>Mean</b>	8.2	8.1	9.7	9.6	10.8	10.9	11.8	11.7	12.6	12.4
<b>Median</b>	8.0	8.0	10.0	10.0	11.0	11.0	12.0	11.0	13.0	12.0
Less than 6 directors	7.1%	9.7%	2.0%	2.0%	1.1%	1.2%	0.0	0.8%	0.0	0.9%
6 directors	10.1	11.4	4.0	3.9	0.5	0.6	1.6%	0.0	0.8%	0.0
7 directors	18.5	20.8	6.9	8.6	2.1	4.2	0.8	1.7	0.0	0.0
8 directors	21.6	19.2	13.8	14.7	10.6	4.2	4.7	4.2	1.6	2.8
9 directors	20.1	17.6	19.7	19.4	12.2	13.1	7.0	5.9	1.6	4.7
10 directors	12.9	11.3	20.9	21.5	19.0	12.5	13.3	14.3	13.8	9.4
11 directors	4.9	5.6	15.5	14.2	17.5	28.0	18.0	23.5	13.8	15.1
12 directors	3.0	2.4	9.6	8.0	16.9	19.0	22.7	16.8	17.9	18.9
More than 12 directors	1.8	2.0	7.5	7.7	20.1	17.3	32.0	32.8	50.4	48.1

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=514	2016 n=507	2018 n=155	2016 n=140	2018 n=42	2016 n=37
<b>Mean</b>	9.7	9.5	11.4	11.5	13.7	13.8
<b>Median</b>	9.0	9.0	11.0	11.0	13.5	13.0
Less than 6 directors	4.3%	7.5%	2.6%	0.0	2.4%	0.0
6 directors	8.2	7.7	3.9	2.9%	0.0	0.0
7 directors	11.9	12.0	1.3	3.6	0.0	0.0
8 directors	12.8	11.6	6.5	9.3	0.0	0.0
9 directors	15.4	15.6	11.0	11.4	4.8	2.7%
10 directors	14.8	11.4	11.0	10.0	4.8	5.4
11 directors	9.5	11.0	16.8	16.4	4.8	16.2
12 directors	7.4	7.7	16.1	14.3	14.3	5.4
More than 12 directors	15.8	15.4	31.0	32.1	69.0	70.3

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.2

**Board refreshment (newly elected directors), by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=487	2018 n=2,853	2016 n=2,702
None	42.5%	41.5%	50.4%	48.1%
1 director	31.8	31.8	29.4	30.0
2 directors	16.8	17.2	13.0	13.7
3 directors	5.9	7.2	3.9	4.1
4 directors	1.2	0.6	1.3	1.7
5 directors	0.6	0.4	0.9	0.8
More than 5 directors	1.2	1.2	1.1	1.6

Source: The Conference Board/ESGAUGE, 2019.

BOARD ORGANIZATION

Figure 1.2a

**Board refreshment (newly elected directors), by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=110	2016 n=104	2018 n=342	2016 n=327	2018 n=106	2016 n=102	2018 n=167	2016 n=153
None	53.6%	46.2%	51.2%	47.1%	50.0%	40.2%	47.9%	51.6%
1 director	29.1	29.8	25.7	30.3	33.0	31.4	24.0	29.4
2 directors	8.2	13.5	14.9	13.8	11.3	16.7	15.0	13.1
3 directors	3.6	6.7	4.4	3.4	3.8	7.8	4.8	2.6
4 directors	2.7	0.0	2.0	1.8	0.9	1.0	1.8	2.6
5 directors	0.0	0.0	0.3	1.5	0.9	2.0	3.6	0.0
More than 5 directors	2.7	3.8	1.5	2.1	0.0	1.0	3.0	0.7

	Financials		Health care		Industrials		Information technology	
	2018 n=525	2016 n=507	2018 n=430	2016 n=395	2018 n=398	2016 n=383	2018 n=373	2016 n=349
None	49.7%	51.9%	46.0%	42.8%	50.0%	49.9%	48.3%	50.7%
1 director	27.6	25.6	32.8	29.6	31.2	30.8	33.2	32.7
2 directors	13.5	14.8	14.2	17.7	14.3	13.6	11.5	10.0
3 directors	5.1	4.1	3.7	5.3	2.5	3.1	4.6	3.7
4 directors	1.5	2.0	1.4	2.8	1.3	0.8	0.5	1.1
5 directors	1.7	0.8	0.9	1.0	0.5	0.3	0.8	0.3
More than 5 directors	0.8	0.8	0.9	0.8	0.3	1.6	1.1	1.4

	Materials		Real estate		Utilities	
	2018 n=132	2016 n=124	2018 n=191	2016 n=182	2018 n=79	2016 n=76
None	57.6%	42.7%	55.0%	49.5%	64.6%	47.4%
1 director	28.0	33.9	30.4	32.4	17.7	31.6
2 directors	10.6	15.3	7.9	7.1	15.2	11.8
3 directors	2.3	4.0	3.7	2.2	1.3	6.6
4 directors	0.8	0.8	0.5	2.7	0.0	1.3
5 directors	0.0	0.0	0.5	2.2	0.0	0.0
More than 5 directors	0.8	3.2	2.1	3.8	1.3	1.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.2b

**Board refreshment (newly elected directors), by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=996	2016 n=971	2018 n=701	2016 n=649	2018 n=189	2016 n=168	2018 n=128	2016 n=119	2018 n=123	2016 n=106
None	54.6%	50.2%	47.8%	45.3%	46.6%	44.6%	39.8%	44.5%	43.1%	36.8%
1 director	27.0	29.7	32.7	32.8	33.3	31.5	28.1	31.1	30.9	29.2
2 directors	11.9	12.8	13.1	13.6	13.8	15.5	21.1	16.0	16.3	22.6
3 directors	3.0	3.4	3.4	4.5	2.6	4.8	7.8	5.9	7.3	8.5
4 directors	1.5	2.0	1.0	1.4	1.6	0.6	0.8	0.8	1.6	0.9
5 directors	1.0	0.8	0.7	0.6	0.5	0.0	0.8	0.8	0.0	0.0
More than 5 directors	0.9	1.2	1.3	1.8	1.6	3.0	1.6	0.8	0.8	1.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=513	2018 n=155	2016 n=139	2018 n=42	2016 n=37
None	52.4%	53.8%	48.4%	47.5%	45.2%	29.7%
1 director	27.7	25.9	28.4	31.7	35.7	32.4
2 directors	11.8	10.9	13.5	15.8	9.5	27.0
3 directors	4.4	3.7	5.8	2.2	4.8	8.1
4 directors	1.3	2.7	1.3	0.0	0.0	2.7
5 directors	1.3	1.2	1.3	1.4	2.4	0.0
More than 5 directors	1.0	1.8	1.3	1.4	2.4	0.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.3

**Number of board meetings, by index**

Number of meetings, percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=492	2018 n=2,854	2016 n=2,753
<b>Mean</b>	<b>7.9</b>	<b>8.0</b>	<b>7.9</b>	<b>7.7</b>
<b>Median</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
Less than 8 meetings per year	56.9%	53.5%	56.1%	58.0%
8 meetings per year	11.1	12.4	9.3	9.0
9 meetings per year	7.5	9.8	7.6	6.9
10 meetings per year	7.9	7.5	6.4	6.1
11 meetings per year	4.3	2.8	4.6	4.1
12 meetings per year	3.6	2.8	4.9	4.9
More than 12 meetings per year	8.7	11.2	11.1	11.0

Source: The Conference Board/ESGAUGE, 2019.



Figure 1.3a

**Number of board meetings, by industry**

Number of meetings, percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=107	2018 n=342	2016 n=336	2018 n=107	2016 n=105	2018 n=167	2016 n=156
<b>Mean</b>	<b>7.8</b>	<b>7.3</b>	<b>7.4</b>	<b>6.7</b>	<b>7.2</b>	<b>7.3</b>	<b>8.0</b>	<b>7.9</b>
<b>Median</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>7.0</b>	<b>7.0</b>
Less than 8 meetings per year	58.7%	57.0%	63.2%	69.0%	64.5%	61.0%	53.9%	54.5%
8 meetings per year	11.0	10.3	10.5	8.6	4.7	9.5	9.6	8.3
9 meetings per year	5.5	6.5	5.3	5.1	7.5	4.8	8.4	7.7
10 meetings per year	4.6	11.2	6.7	5.4	10.3	8.6	4.2	5.1
11 meetings per year	4.6	3.7	3.8	2.4	3.7	4.8	4.8	6.4
12 meetings per year	4.6	1.9	2.9	2.7	2.8	2.9	4.8	3.2
More than 12 meetings per year	11.0	9.3	7.6	6.8	6.5	8.6	14.4	14.7

	Financials		Health care		Industrials		Information technology	
	2018 n=527	2016 n=511	2018 n=432	2016 n=400	2018 n=396	2016 n=389	2018 n=375	2016 n=361
<b>Mean</b>	<b>9.0</b>	<b>9.2</b>	<b>8.2</b>	<b>7.6</b>	<b>7.1</b>	<b>7.0</b>	<b>7.9</b>	<b>7.3</b>
<b>Median</b>	<b>9.0</b>	<b>9.0</b>	<b>7.0</b>	<b>7.0</b>	<b>6.0</b>	<b>6.0</b>	<b>7.0</b>	<b>7.0</b>
Less than 8 meetings per year	40.6%	39.3%	56.5%	58.5%	64.1%	66.3%	56.5%	62.9%
8 meetings per year	8.9	7.6	8.1	10.5	8.8	9.8	10.1	9.1
9 meetings per year	10.1	8.2	7.2	6.3	6.8	7.2	8.5	5.8
10 meetings per year	7.6	8.8	6.0	6.5	7.1	3.3	4.5	4.4
11 meetings per year	6.1	6.1	6.0	4.0	3.5	2.6	2.9	5.0
12 meetings per year	8.7	10.4	4.2	4.3	4.3	3.1	5.6	2.8
More than 12 meetings per year	18.0	19.6	12.0	10.0	5.3	7.7	11.7	10.0

	Materials		Real estate		Utilities	
	2018 n=132	2016 n=127	2018 n=189	2016 n=183	2018 n=78	2016 n=78
<b>Mean</b>	<b>7.2</b>	<b>7.3</b>	<b>7.7</b>	<b>7.6</b>	<b>8.2</b>	<b>7.4</b>
<b>Median</b>	<b>7.0</b>	<b>6.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
Less than 8 meetings per year	62.9%	63.8%	59.8%	61.2%	53.8%	52.6%
8 meetings per year	12.1	9.4	9.5	8.7	7.7	7.7
9 meetings per year	8.3	6.3	5.3	6.0	10.3	17.9
10 meetings per year	3.8	3.1	6.9	6.0	10.3	6.4
11 meetings per year	3.8	4.7	5.3	2.2	3.8	1.3
12 meetings per year	2.3	4.7	2.6	6.6	5.1	9.0
More than 12 meetings per year	6.8	7.9	10.6	9.3	9.0	5.1

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.3b

**Number of board meetings, by company size**

Number of meetings, percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,002	2016 n=995	2018 n=696	2016 n=663	2018 n=189	2016 n=172	2018 n=128	2016 n=122	2018 n=123	2016 n=107
<b>Mean</b>	<b>7.6</b>	<b>7.1</b>	<b>7.6</b>	<b>7.2</b>	<b>7.4</b>	<b>8.0</b>	<b>8.4</b>	<b>7.4</b>	<b>7.9</b>	<b>8.4</b>
<b>Median</b>	<b>7.0</b>	<b>6.0</b>	<b>7.0</b>	<b>6.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>8.0</b>
Less than 8 meetings per year	61.1%	64.6%	59.8%	63.3%	56.1%	57.0%	54.7%	59.0%	56.9%	46.7%
8 meetings per year	8.3	8.5	9.6	9.5	11.1	10.5	12.5	9.0	9.8	15.9
9 meetings per year	6.6	5.0	8.0	8.0	9.0	6.4	6.3	12.3	6.5	7.5
10 meetings per year	5.3	4.6	5.7	5.7	9.0	4.1	7.0	6.6	8.9	11.2
11 meetings per year	3.9	4.5	5.0	3.3	3.2	4.1	2.3	0.0	4.9	3.7
12 meetings per year	4.4	3.5	3.4	2.9	5.8	4.1	3.9	5.7	4.1	2.8
More than 12 meetings per year	10.5	9.1	8.3	7.2	5.8	14.0	13.3	7.4	8.9	12.1

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=516	2018 n=155	2016 n=141	2018 n=42	2016 n=37
<b>Mean</b>	<b>8.7</b>	<b>8.7</b>	<b>7.9</b>	<b>8.5</b>	<b>10.2</b>	<b>9.9</b>
<b>Median</b>	<b>8.0</b>	<b>8.0</b>	<b>7.0</b>	<b>7.0</b>	<b>9.0</b>	<b>10.0</b>
Less than 8 meetings per year	44.7%	45.0%	52.9%	50.4%	31.0%	27.0%
8 meetings per year	8.9	7.8	9.0	8.5	11.9	8.1
9 meetings per year	7.5	7.6	12.9	6.4	9.5	13.5
10 meetings per year	7.3	7.0	7.1	9.2	9.5	18.9
11 meetings per year	5.8	5.0	5.8	5.0	7.1	5.4
12 meetings per year	8.9	11.0	2.6	5.0	2.4	2.7
More than 12 meetings per year	17.0	16.7	9.7	15.6	28.6	24.3

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.4

**Board committees, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=492	2018 n=2,854	2016 n=2,753
Audit committee	100.0%	100.0%	100.0%	100.0%
Compensation committee	98.0	98.4	98.7	98.7
Nominating/governance committee	98.4	97.8	94.9	94.7
Combined compensation and nominating/governance committee	1.8	1.4	0.8	0.7
Executive committee	33.8	35.2	20.4	21.4
Finance committee	30.4	30.3	11.2	11.3
Risk committee	10.1	9.6	9.0	7.8
CSR/public policy committee	2.4	2.2	0.5	0.5
Science & technology committee	6.1	5.3	3.7	3.1
Environment, health & safety committee	5.3	5.3	2.3	2.1
Legal/compliance committee	4.0	4.3	2.9	2.6
Strategy & planning committee	1.8	1.8	2.6	2.4
Investment/pension committee	4.5	4.3	3.7	3.6
Acquisition/corporate development committee	0.4	0.6	0.6	0.5
Other standing board committees	27.3	27.0	18.4	17.8

Source: The Conference Board/ESGAUGE, 2019.

BOARD ORGANIZATION

Figure 1.4a

**Board committees, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018	2016	2018	2016	2018	2016	2018	2016
	n=109	n=107	n=342	n=336	n=107	n=105	n=167	n=156
Audit committee	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Compensation committee	99.1	99.1	99.1	99.1	95.3	95.2	97.6	98.1
Nominating/governance committee	87.2	87.9	94.7	95.5	86.0	86.7	92.2	92.3
Combined compensation and nominating/governance committee	0.0	0.0	0.3	0.3	3.7	3.8	0.6	0.6
Executive committee	23.9	26.2	17.3	17.0	29.0	30.5	15.0	17.9
Finance committee	9.2	11.2	13.7	14.3	17.8	20.0	4.8	9.0
Risk committee	0.9	0.9	2.0	1.2	1.9	0.0	2.4	2.6
CSR/public policy committee	0.9	0.9	0.6	0.0	0.9	0.0	2.4	2.6
Science & technology committee	4.6	1.9	2.6	1.8	0.9	1.0	1.8	1.3
Environment, health & safety committee	0.0	0.0	0.9	0.6	0.0	0.0	13.8	14.1
Legal/compliance committee	0.0	0.0	3.8	3.0	0.9	1.0	1.2	0.6
Strategy & planning committee	3.7	2.8	2.0	1.8	3.7	3.8	0.6	0.6
Investment/pension committee	0.9	1.9	1.8	2.1	2.8	1.0	1.2	1.3
Acquisition/corporate development committee	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Other standing board committees	18.3	16.8	14.9	13.7	19.6	17.1	18.0	17.9

	Financials		Health care		Industrials		Information technology	
	2018	2016	2018	2016	2018	2016	2018	2016
	n=527	n=511	n=432	n=400	n=396	n=389	n=375	n=361
Audit committee	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Compensation committee	98.1	98.2	99.3	99.3	99.2	99.0	98.9	98.9
Nominating/governance committee	93.2	93.0	97.7	97.0	96.0	95.6	97.9	97.5
Combined compensation and nominating/governance committee	0.9	0.6	0.5	0.5	0.5	0.5	1.1	1.1
Executive committee	34.0	34.8	6.5	8.0	21.2	21.3	10.9	11.1
Finance committee	10.1	10.0	7.4	6.5	17.2	16.2	6.1	5.3
Risk committee	38.3	34.1	0.7	0.8	3.0	2.3	2.7	1.7
CSR/public policy committee	0.2	0.2	0.7	1.3	0.3	0.5	0.0	0.0
Science & technology committee	2.1	2.0	10.2	8.8	1.8	1.3	5.1	4.7
Environment, health & safety committee	0.0	0.0	0.2	0.5	2.0	1.5	0.0	0.3
Legal/compliance committee	3.8	4.3	9.3	7.8	0.5	0.5	1.1	0.8
Strategy & planning committee	3.0	2.5	2.8	3.8	2.0	1.5	4.0	3.9
Investment/pension committee	8.2	7.8	0.7	0.5	1.0	1.5	1.6	1.9
Acquisition/corporate development committee	0.4	0.6	0.7	0.5	1.0	0.3	1.9	1.7
Other standing board committees	29.4	28.0	16.0	17.8	11.6	12.3	13.3	12.2

(Table continues on next page)

## BOARD ORGANIZATION

Figure 1.4a (continued)

### Board committees, by industry

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=132	2016 n=127	2018 n=189	2016 n=183	2018 n=78	2016 n=78
Audit committee	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Compensation committee	100.0	100.0	98.9	99.5	97.4	94.9
Nominating/governance committee	97.0	96.1	95.8	95.1	96.2	96.2
Combined compensation and nominating/ governance committee	0.0	0.0	1.1	0.0	2.6	2.6
Executive committee	28.8	28.3	22.8	25.1	37.2	37.2
Finance committee	14.4	13.4	5.8	4.9	38.5	38.5
Risk committee	3.8	4.7	4.8	3.8	2.6	1.3
CSR/public policy committee	0.0	0.0	0.0	0.0	2.6	2.6
Science & technology committee	3.8	3.9	0.5	0.5	1.3	1.3
Environment, health & safety committee	18.9	14.2	0.0	0.0	7.7	10.3
Legal/compliance committee	0.0	0.0	0.5	0.5	1.3	1.3
Strategy & planning committee	3.0	1.6	1.1	1.1	1.3	1.3
Investment/pension committee	1.5	1.6	16.4	13.7	6.4	5.1
Acquisition/corporate development committee	0.0	0.0	1.1	0.5	0.0	0.0
Other standing board committees	14.4	16.5	14.8	12.0	44.9	41.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.4b

**Board committees, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,002	2016 n=995	2018 n=696	2016 n=663	2018 n=189	2016 n=172	2018 n=128	2016 n=122	2018 n=123	2016 n=107
Audit committee	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Compensation committee	98.4	98.5	99.3	98.8	98.4	99.4	99.2	97.5	100.0	100.0
Nominating/governance committee	94.6	94.4	94.8	95.0	97.4	95.9	96.9	97.5	98.4	99.1
Combined compensation and nominating/governance committee	0.7	0.6	0.7	1.1	1.6	0.0	0.8	2.5	0.0	0.0
Executive committee	8.6	8.7	20.0	22.9	26.5	26.7	35.2	32.8	33.3	37.4
Finance committee	2.3	2.9	14.8	13.9	18.0	22.1	32.8	32.8	43.9	47.7
Risk committee	1.3	0.9	2.6	1.8	3.7	2.9	3.1	3.3	3.3	3.7
CSR/public policy committee	0.1	0.1	0.3	0.5	0.0	0.6	0.8	1.6	8.1	6.5
Science & technology committee	3.8	3.2	4.2	3.5	4.2	2.3	6.3	7.4	8.9	5.6
Environment, health & safety committee	1.1	0.9	4.2	3.8	6.3	7.6	4.7	8.2	6.5	1.9
Legal/compliance committee	2.9	1.6	2.3	2.3	2.1	2.9	6.3	7.4	4.9	3.7
Strategy & planning committee	3.1	3.3	2.6	2.1	1.6	1.2	1.6	0.8	1.6	1.9
Investment/pension committee	1.6	1.6	1.3	1.4	1.1	1.7	1.6	0.8	2.4	3.7
Acquisition/corporate development committee	0.6	0.4	0.6	0.5	1.1	0.6	0.8	0.0	0.8	1.9
Other standing board committees	11.0	11.3	16.2	14.9	15.3	16.3	37.5	40.2	33.3	35.5

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=516	2018 n=155	2016 n=141	2018 n=42	2016 n=37
Audit committee	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Compensation committee	98.5	98.8	98.7	97.9	95.2	97.3
Nominating/governance committee	93.8	93.8	92.9	92.2	97.6	94.6
Combined compensation and nominating/governance committee	0.8	0.0	1.3	5.0	2.4	0.0
Executive committee	25.8	26.9	40.6	44.7	59.5	59.5
Finance committee	5.6	5.0	15.5	16.3	26.2	29.7
Risk committee	19.1	16.9	51.6	46.8	76.2	75.7
CSR/public policy committee	0.0	0.0	0.6	0.7	0.0	0.0
Science & technology committee	0.8	0.8	1.9	2.1	11.9	10.8
Environment, health & safety committee	0.0	0.0	0.0	0.0	0.0	0.0
Legal/compliance committee	1.7	2.1	7.1	7.8	2.4	2.7
Strategy & planning committee	2.7	1.9	1.9	2.8	2.4	2.7
Investment/pension committee	9.6	8.9	12.3	10.6	11.9	10.8
Acquisition/corporate development committee	0.6	0.6	0.6	0.7	0.0	0.0
Other standing board committees	19.7	20.0	38.1	30.5	52.4	51.4

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.5

**Board committee size, by index**

Number of directors per committee

	S&P 500				Russell 3000			
	2018		2016		2018		2016	
	Mean n=494	Median n=494	Mean n=487	Median n=487	Mean n=2,826	Median n=2,826	Mean n=2,662	Median n=2,662
Audit committee	4.3	4.0	4.3	4.0	3.8	4.0	3.8	4.0
Compensation committee	4.2	4.0	4.2	4.0	3.7	4.0	3.7	4.0
Nominating/governance committee	4.4	4.0	4.4	4.0	3.8	4.0	3.8	4.0
Combined compensation and nominating/ governance committee	3.9	4.0	4.0	4.0	3.9	3.0	3.5	3.0
Executive committee	4.5	4.0	4.5	4.0	4.3	4.0	4.3	4.0
Finance committee	4.8	5.0	4.7	5.0	4.5	4.0	4.5	4.0
Risk committee	5.0	5.0	5.1	5.0	4.7	4.0	4.7	4.0
CSR/public policy committee	5.0	5.0	4.0	4.0	3.9	4.0	3.9	3.0
Science & technology committee	4.8	5.0	4.5	4.0	4.2	4.0	4.2	4.0
Environment, health & safety committee	4.1	4.0	4.2	4.0	3.9	4.0	3.9	4.0
Legal/compliance committee	5.2	4.5	4.9	4.0	4.9	4.0	4.8	4.0
Strategy & planning committee	4.2	4.0	4.6	4.0	4.1	4.0	4.3	4.0
Investment/pension committee	5.2	6.0	5.3	5.0	4.4	4.0	4.2	4.0
Acquisition/corporate development committee	4.6	4.0	4.7	5.0	3.9	4.0	4.0	4.0
Other standing board committees	4.6	4.0	4.2	4.0	4.5	4.0	4.3	4.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.5a

**Board committee size, by industry**

Number of directors per committee

	Communication services				Consumer discretionary			
	2018		2016		2018		2016	
	Mean n=108	Median n=108	Mean n=104	Median n=104	Mean n=339	Median n=339	Mean n=324	Median n=324
Audit committee	3.4	3.0	3.4	3.0	3.8	4.0	3.8	4.0
Compensation committee	3.5	3.0	3.4	3.0	3.8	4.0	3.8	4.0
Nominating/governance committee	3.4	3.0	3.4	3.0	3.9	4.0	3.9	3.0
Combined compensation and nominating/ governance committee	0.0	0.0	0.0	0.0	4.0	4.0	4.0	4.0
Executive committee	3.6	3.0	3.7	3.0	3.9	4.0	3.7	4.0
Finance committee	4.4	4.0	4.5	4.0	4.5	4.0	4.7	5.0
Risk committee	6.0	6.0	6.0	6.0	3.9	4.0	5.0	5.5
CSR/public policy committee	5.0	5.0	6.0	6.0	5.0	5.0	0.0	0.0
Science & technology committee	3.4	4.0	3.0	3.0	4.4	4.0	4.0	3.5
Environment, health & safety committee	0.0	0.0	0.0	0.0	3.7	4.0	3.5	3.5
Legal/compliance committee	0.0	0.0	0.0	0.0	2.9	3.0	3.2	3.5
Strategy & planning committee	3.8	3.5	3.3	3.0	4.0	3.0	4.5	3.5
Investment/pension committee	3.0	3.0	3.0	3.0	4.2	4.0	4.2	4.0
Acquisition/corporate development committee	0.0	0.0	4.0	4.0	0.0	0.0	0.0	0.0
Other standing board committees	3.5	3.0	4.6	4.0	4.1	3.0	4.2	4.0

	Consumer staples				Energy			
	2018		2016		2018		2016	
	Mean n=103	Median n=103	Mean n=102	Median n=102	Mean n=165	Median n=165	Mean n=152	Median n=152
Audit committee	3.9	4.0	3.9	4.0	3.8	4.0	3.9	4.0
Compensation committee	3.9	4.0	3.9	4.0	3.8	4.0	3.8	4.0
Nominating/governance committee	3.9	4.0	4.0	4.0	3.9	4.0	4.0	4.0
Combined compensation and nominating/ governance committee	3.0	3.0	3.3	3.0	5.0	5.0	4.0	4.0
Executive committee	4.1	4.0	4.0	3.5	4.1	4.0	4.0	4.0
Finance committee	5.0	5.0	5.1	5.0	4.6	4.0	4.4	5.0
Risk committee	3.0	3.0	0.0	0.0	4.3	4.0	4.0	4.0
CSR/public policy committee	4.0	4.0	0.0	0.0	5.5	5.0	4.0	4.0
Science & technology committee	5.0	5.0	6.0	6.0	4.3	4.0	3.5	3.5
Environment, health & safety committee	0.0	0.0	0.0	0.0	4.4	4.0	4.0	3.5
Legal/compliance committee	3.0	3.0	3.0	3.0	4.0	4.0	0.0	0.0
Strategy & planning committee	4.0	3.5	4.0	4.0	7.0	7.0	6.0	6.0
Investment/pension committee	4.0	4.0	6.0	6.0	3.5	3.5	2.0	2.0
Acquisition/corporate development committee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other standing board committees	5.6	5.0	5.4	4.5	3.5	3.0	3.8	3.5

(Table continues on next page)



Figure 1.5a (continued)

**Board committee size, by industry**

Number of directors per committee

	Financials				Health care			
	2018		2016		2018		2016	
	Mean n=521	Median n=521	Mean n=502	Median n=502	Mean n=426	Median n=426	Mean n=383	Median n=383
Audit committee	4.4	4.0	4.3	4.0	3.5	3.0	3.5	3.0
Compensation committee	4.2	4.0	4.2	4.0	3.5	3.0	3.4	3.0
Nominating/governance committee	4.3	4.0	4.2	4.0	3.4	3.0	3.5	3.0
Combined compensation and nominating/ governance committee	4.8	4.0	4.3	4.0	4.0	4.0	3.5	3.5
Executive committee	5.2	5.0	5.2	5.0	4.0	4.0	4.1	4.0
Finance committee	5.0	5.0	5.2	5.0	4.0	4.0	4.2	4.0
Risk committee	5.2	5.0	5.1	5.0	3.7	4.0	4.7	5.0
CSR/public policy committee	4.0	4.0	6.0	6.0	4.7	5.0	4.0	4.0
Science & technology committee	4.3	4.0	4.6	4.5	4.0	4.0	4.2	4.0
Environment, health & safety committee	0.0	0.0	0.0	0.0	3.0	3.0	3.5	3.5
Legal/compliance committee	4.8	4.0	4.6	4.0	3.7	4.0	4.1	4.0
Strategy & planning committee	5.9	5.0	5.6	5.0	4.4	4.0	3.9	4.0
Investment/pension committee	4.3	4.0	4.8	4.0	4.3	4.0	6.0	6.0
Acquisition/corporate development committee	5.5	5.5	4.7	3.0	3.3	3.0	4.0	4.0
Other standing board committees	6.2	5.0	6.0	5.0	4.4	4.0	4.1	4.0

	Industrials				Information technology			
	2018		2016		2018		2016	
	Mean n=396	Median n=396	Mean n=377	Median n=377	Mean n=371	Median n=371	Mean n=342	Median n=342
Audit committee	4.0	4.0	4.0	4.0	3.7	3.0	3.6	3.0
Compensation committee	4.0	4.0	3.9	4.0	3.5	3.0	3.5	3.0
Nominating/governance committee	4.1	4.0	4.1	4.0	3.6	3.0	3.6	3.0
Combined compensation and nominating/ governance committee	3.0	3.0	3.0	3.0	4.0	4.0	3.5	3.0
Executive committee	4.3	4.0	4.1	4.0	3.7	4.0	3.8	4.0
Finance committee	4.7	5.0	4.5	4.0	4.2	4.0	3.8	4.0
Risk committee	4.3	4.0	4.6	4.0	3.5	3.5	3.5	3.5
CSR/public policy committee	4.0	4.0	4.0	4.0	0.0	0.0	0.0	0.0
Science & technology committee	4.4	5.0	3.6	3.0	3.9	4.0	3.9	4.0
Environment, health & safety committee	4.4	4.5	4.3	4.0	0.0	0.0	4.0	4.0
Legal/compliance committee	5.0	5.0	4.0	4.0	4.0	4.0	5.0	5.0
Strategy & planning committee	4.6	4.5	4.7	4.0	4.3	4.0	3.6	3.0
Investment/pension committee	3.5	3.5	3.0	3.0	3.7	4.0	3.9	4.0
Acquisition/corporate development committee	3.5	3.5	3.0	3.0	4.0	4.0	3.6	3.0
Other standing board committees	4.8	4.0	4.5	4.0	4.8	4.0	4.4	4.0

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Figure 1.5a (continued)

**Board committee size, by industry**

Number of directors per committee

	Materials				Real estate			
	2018		2016		2018		2016	
	Mean n=131	Median n=131	Mean n=123	Median n=123	Mean n=189	Median n=189	Mean n=178	Median n=178
Audit committee	4.3	4.0	4.3	4.0	3.8	4.0	3.7	3.0
Compensation committee	4.3	4.0	4.2	4.0	3.7	3.0	3.6	3.0
Nominating/governance committee	4.4	4.0	4.2	4.0	3.7	3.0	3.7	3.0
Combined compensation and nominating/ governance committee	0.0	0.0	0.0	0.0	3.0	3.0	0.0	0.0
Executive committee	4.1	4.0	4.0	4.0	3.3	3.0	3.5	3.0
Finance committee	5.1	5.0	5.2	5.0	4.2	4.0	4.1	4.0
Risk committee	4.0	4.0	4.7	4.0	3.4	3.0	3.7	4.0
CSR/public policy committee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Science & technology committee	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Environment, health & safety committee	4.6	4.0	4.8	4.0	0.0	0.0	0.0	0.0
Legal/compliance committee	0.0	0.0	0.0	0.0	4.0	4.0	3.0	3.0
Strategy & planning committee	3.0	3.0	3.5	3.5	5.0	5.0	8.5	8.5
Investment/pension committee	4.0	4.0	4.0	4.0	3.9	4.0	4.3	4.0
Acquisition/corporate development committee	0.0	0.0	0.0	0.0	4.0	4.0	4.0	4.0
Other standing board committees	5.8	5.0	5.6	5.0	4.6	3.0	5.8	4.0

	Utilities			
	2018		2016	
	Mean n=77	Median n=77	Mean n=75	Median n=75
Audit committee	4.3	4.0	4.4	4.0
Compensation committee	4.1	4.0	4.3	4.0
Nominating/governance committee	4.3	4.0	4.2	4.0
Combined compensation and nominating/ governance committee	4.0	4.0	2.0	2.0
Executive committee	5.0	5.0	5.0	5.0
Finance committee	5.0	5.0	4.9	5.0
Risk committee	4.5	4.5	4.0	4.0
CSR/public policy committee	4.5	4.5	5.0	5.0
Science & technology committee	2.0	2.0	2.0	2.0
Environment, health & safety committee	4.8	5.0	4.6	4.5
Legal/compliance committee	5.0	5.0	4.0	4.0
Strategy & planning committee	5.0	5.0	4.0	4.0
Investment/pension committee	4.4	4.0	4.3	4.0
Acquisition/corporate development committee	0.0	0.0	0.0	0.0
Other standing board committees	5.7	5.0	5.9	5.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.5b

**Board committee size, by company size**

Number of directors per committee

	ANNUAL REVENUE							
	Under \$1 billion				\$1 billion to \$4.9 billion			
	2018		2016		2018		2016	
	Mean n=984	Median n=984	Mean n=947	Median n=947	Mean n=694	Median n=694	Mean n=642	Median n=642
Audit committee	3.5	3.0	3.5	3.0	3.9	4.0	3.9	4.0
Compensation committee	3.4	3.0	3.4	3.0	3.9	4.0	3.9	4.0
Nominating/governance committee	3.4	3.0	3.4	3.0	4.0	4.0	4.0	4.0
Combined compensation and nominating/ governance committee	3.4	3.0	2.7	3.0	4.0	4.0	3.4	3.0
Executive committee	3.6	3.0	3.5	3.0	4.0	4.0	3.9	4.0
Finance committee	4.4	4.0	4.1	4.0	4.1	4.0	4.1	4.0
Risk committee	3.0	3.0	3.0	3.0	4.3	4.0	4.9	4.0
CSR/public policy committee	5.0	5.0	6.0	6.0	4.5	4.5	4.3	4.0
Science & technology committee	3.3	3.0	3.6	4.0	4.3	4.0	4.0	4.0
Environment, health & safety committee	3.8	4.0	3.9	4.0	4.2	4.0	4.1	4.0
Legal/compliance committee	3.3	3.0	3.3	3.0	3.5	4.0	3.8	4.0
Strategy & planning committee	4.0	4.0	3.8	4.0	4.6	4.0	4.3	4.0
Investment/pension committee	3.4	3.5	3.1	3.0	4.6	5.0	5.0	5.0
Acquisition/corporate development committee	3.3	3.0	3.3	3.0	3.8	4.0	3.7	3.0
Other standing board committees	3.8	3.0	3.8	3.0	4.7	4.0	4.2	4.0
	\$5 billion to \$9.9 billion				\$10 billion to \$19.9 billion			
	2018		2016		2018		2016	
	Mean n=187	Median n=187	Mean n=169	Median n=169	Mean n=128	Median n=128	Mean n=118	Median n=118
Audit committee	4.2	4.0	4.3	4.0	4.5	4.0	4.6	4.0
Compensation committee	4.1	4.0	4.2	4.0	4.3	4.0	4.4	4.0
Nominating/governance committee	4.2	4.0	4.3	4.0	4.6	4.5	4.7	4.0
Combined compensation and nominating/ governance committee	3.3	3.0	0.0	0.0	5.0	5.0	3.8	4.0
Executive committee	4.2	4.0	4.2	4.0	4.5	4.0	4.6	4.5
Finance committee	4.8	5.0	4.9	5.0	5.0	5.0	4.9	5.0
Risk committee	4.3	4.0	5.0	5.0	4.5	4.5	4.5	4.5
CSR/public policy committee	0.0	0.0	5.0	5.0	4.0	4.0	3.5	3.5
Science & technology committee	5.0	4.5	4.0	4.0	5.1	5.0	4.4	4.0
Environment, health & safety committee	5.3	5.0	4.8	4.0	4.5	4.5	4.4	4.5
Legal/compliance committee	4.3	5.0	5.0	5.0	3.9	4.0	4.2	4.0
Strategy & planning committee	3.7	3.0	3.5	3.5	4.5	4.5	3.0	3.0
Investment/pension committee	4.0	4.0	3.7	4.0	4.5	4.5	4.0	4.0
Acquisition/corporate development committee	5.0	5.0	0.0	0.0	3.0	3.0	0.0	0.0
Other standing board committees	4.6	4.0	4.6	4.0	5.3	5.0	6.1	5.0

*(Table continues on next page)*

Figure 1.5b (continued)

**Board committee size, by company size**

Number of directors per committee

	ANNUAL REVENUE				ASSET VALUE			
	\$20 billion and over				Under \$10 billion			
	2018		2016		2018		2016	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
n=123	n=123	n=106	n=106	n=516	n=516	n=504	n=504	
Audit committee	4.5	4.0	4.6	4.0	4.0	4.0	4.0	4.1
Compensation committee	4.3	4.0	4.4	4.0	4.0	4.0	4.0	4.0
Nominating/governance committee	4.5	4.0	4.8	5.0	4.0	4.0	4.0	4.0
Combined compensation and nominating/ governance committee	0.0	0.0	0.0	0.0	4.8	3.5	0.0	0.0
Executive committee	4.9	5.0	4.9	5.0	5.0	4.9	4.0	4.7
Finance committee	5.2	5.0	5.2	5.0	5.0	5.0	4.0	4.5
Risk committee	4.3	4.0	5.3	5.5	4.0	4.8	4.0	4.9
CSR/public policy committee	5.0	5.0	4.1	4.0	0.0	0.0	0.0	0.0
Science & technology committee	4.7	4.0	6.0	5.5	4.0	4.3	3.0	3.3
Environment, health & safety committee	5.1	5.0	5.5	5.5	0.0	0.0	0.0	0.0
Legal/compliance committee	5.0	5.0	4.8	4.5	4.0	4.5	5.0	5.1
Strategy & planning committee	5.5	5.5	5.5	5.5	5.5	5.8	5.0	5.8
Investment/pension committee	4.0	4.0	5.3	5.0	4.0	4.6	4.0	4.2
Acquisition/corporate development committee	5.0	5.0	4.5	4.5	3.0	3.3	3.0	3.7
Other standing board committees	5.6	5.0	5.5	5.0	5.0	6.0	4.0	5.4

	ASSET VALUE							
	\$10 billion to \$99 billion				\$100 billion and over			
	2018		2016		2018		2016	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
n=152	n=152	n=139	n=139	n=42	n=42	n=37	n=37	
Audit committee	4.0	4.3	4.0	4.4	5.0	5.0	5.0	4.7
Compensation committee	4.0	4.0	4.0	4.2	5.0	4.6	5.0	4.7
Nominating/governance committee	4.0	4.2	4.0	4.4	4.0	4.9	5.0	4.9
Combined compensation and nominating/ governance committee	4.0	4.0	5.0	4.5	3.0	3.0	0.0	0.0
Executive committee	4.0	4.5	4.0	4.6	6.0	5.7	6.0	5.6
Finance committee	5.0	4.9	5.0	4.8	5.0	5.5	5.0	5.5
Risk committee	5.0	5.0	5.0	5.1	6.0	5.8	6.0	5.8
CSR/public policy committee	6.0	6.0	4.0	4.0	0.0	0.0	0.0	0.0
Science & technology committee	5.0	5.0	5.0	5.7	4.5	4.5	5.0	4.4
Environment, health & safety committee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legal/compliance committee	4.0	4.6	3.0	4.5	3.0	3.0	5.0	5.0
Strategy & planning committee	7.0	7.0	6.0	5.7	5.0	5.0	5.0	5.0
Investment/pension committee	4.0	4.8	4.0	4.2	4.5	4.8	3.0	3.8
Acquisition/corporate development committee	8.0	8.0	8.0	8.0	0.0	0.0	0.0	0.0
Other standing board committees	5.0	5.9	6.0	7.2	5.0	5.6	4.0	5.7

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.6

**Frequency of board committee meetings, by index**

Number of meetings per year

	S&P 500				Russell 3000			
	2018		2016		2018		2016	
	Mean n=494	Median n=494	Mean n=492	Median n=492	Mean n=2,854	Median n=2,854	Mean n=2,753	Median n=2,753
Audit committee	8.4	8.0	8.5	8.0	7.0	7.0	6.9	7.0
Compensation committee	6.1	6.0	6.1	6.0	5.2	5.0	5.1	5.0
Nominating/governance committee	4.6	4.0	4.6	4.0	3.5	4.0	3.4	4.0
Combined compensation and nominating/ governance committee	5.1	5.0	3.9	4.0	4.4	5.0	4.3	4.0
Executive committee	0.7	0.0	0.8	0.0	1.4	0.0	1.4	0.0
Finance committee	4.6	5.0	4.7	5.0	4.3	4.0	4.4	4.0
Risk committee	6.9	6.0	7.8	7.0	5.2	4.0	5.6	5.0
CSR/public policy committee	4.0	4.0	4.0	4.0	3.6	4.0	4.1	4.0
Science & technology committee	3.8	4.0	3.4	3.5	2.9	3.0	2.9	3.0
Environment, health & safety committee	3.6	4.0	3.8	4.0	3.7	4.0	3.8	4.0
Legal/compliance committee	4.2	4.0	4.4	4.0	4.4	4.0	4.7	4.0
Strategy & planning committee	3.1	3.0	3.6	3.0	3.0	3.0	3.3	3.0
Investment/pension committee	3.8	4.0	4.7	4.0	3.6	4.0	4.1	4.0
Acquisition/corporate development committee	6.5	6.5	3.0	4.0	2.7	2.0	3.2	3.5
Other standing board committees	4.3	4.0	4.3	4.0	3.9	4.0	4.0	3.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.6a

**Frequency of board committee meetings, by industry**

Number of meetings per year

	Communication services				Consumer discretionary			
	2018		2016		2018		2016	
	Mean n=109	Median n=109	Mean n=107	Median n=107	Mean n=342	Median n=342	Mean n=336	Median n=336
Audit committee	6.2	6.0	6.4	6.0	7.2	7.0	6.9	7.0
Compensation committee	5.5	5.0	5.3	5.0	5.4	5.0	5.2	5.0
Nominating/governance committee	3.2	4.0	3.2	3.0	3.7	4.0	3.5	4.0
Combined compensation and nominating/ governance committee	0.0	0.0	0.0	0.0	2.0	2.0	4.0	4.0
Executive committee	0.6	0.0	1.2	0.0	1.0	0.0	1.5	0.0
Finance committee	3.8	4.0	3.7	4.0	4.1	4.0	4.1	4.0
Risk committee	4.0	4.0	5.0	5.0	4.7	4.0	4.8	4.5
CSR/public policy committee	3.0	3.0	3.0	3.0	5.0	5.0	0.0	0.0
Science & technology committee	3.2	4.0	3.0	3.0	3.0	3.0	3.8	4.0
Environment, health & safety committee	0.0	0.0	0.0	0.0	3.3	4.0	3.5	3.5
Legal/compliance committee	0.0	0.0	0.0	0.0	3.8	4.0	3.5	4.0
Strategy & planning committee	0.8	0.0	1.7	0.0	4.1	2.0	6.2	3.5
Investment/pension committee	1.0	1.0	6.5	6.5	1.8	1.5	1.8	1.0
Acquisition/corporate development committee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other standing board committees	2.3	2.5	3.1	2.0	3.0	3.0	3.5	3.0

	Consumer staples				Energy			
	2018		2016		2018		2016	
	Mean n=107	Median n=107	Mean n=105	Median n=105	Mean n=167	Median n=167	Mean n=156	Median n=156
Audit committee	6.6	6.0	6.8	7.0	6.0	5.0	6.2	6.0
Compensation committee	4.6	4.0	5.0	5.0	4.9	5.0	5.0	5.0
Nominating/governance committee	3.7	4.0	3.7	4.0	3.5	4.0	3.3	4.0
Combined compensation and nominating/ governance committee	6.3	6.0	6.0	6.0	5.0	5.0	4.0	4.0
Executive committee	1.3	1.0	0.9	0.0	1.5	0.0	1.1	0.0
Finance committee	4.9	4.0	4.5	4.0	3.0	3.5	3.7	4.0
Risk committee	5.5	5.5	0.0	0.0	6.0	4.0	6.8	4.0
CSR/public policy committee	3.0	3.0	0.0	0.0	3.8	3.5	4.8	4.5
Science & technology committee	6.0	6.0	3.0	3.0	3.3	4.0	3.0	3.0
Environment, health & safety committee	0.0	0.0	0.0	0.0	3.9	4.0	3.6	4.0
Legal/compliance committee	5.0	5.0	4.0	4.0	0.0	0.0	0.0	0.0
Strategy & planning committee	3.0	4.0	3.5	2.5	3.0	3.0	3.0	3.0
Investment/pension committee	4.0	4.0	4.0	4.0	0.5	0.5	0.0	0.0
Acquisition/corporate development committee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other standing board committees	3.2	3.0	3.0	2.5	2.5	2.0	3.2	4.0

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Figure 1.6a (continued)

**Frequency of board committee meetings, by industry**

Number of meetings per year

	Financials				Health care			
	2018		2016		2018		2016	
	Mean n=527	Median n=527	Mean n=511	Median n=511	Mean n=432	Median n=432	Mean n=400	Median n=400
Audit committee	7.7	8.0	7.8	8.0	6.4	6.0	6.4	6.0
Compensation committee	5.3	5.0	5.2	5.0	5.3	5.0	5.2	5.0
Nominating/governance committee	3.6	4.0	3.5	3.0	3.2	3.0	3.1	3.0
Combined compensation and nominating/ governance committee	5.2	6.0	7.3	7.0	4.5	4.5	3.5	3.5
Executive committee	2.4	0.0	2.4	0.0	0.7	0.0	1.0	0.0
Finance committee	4.8	5.0	5.3	4.0	3.2	2.5	3.3	3.0
Risk committee	5.4	5.0	6.0	5.0	4.3	4.0	4.3	4.0
CSR/public policy committee	0.0	0.0	5.0	5.0	4.0	4.0	3.4	4.0
Science & technology committee	2.9	4.0	3.4	4.0	3.0	3.0	2.7	2.0
Environment, health & safety committee	0.0	0.0	0.0	0.0	4.0	4.0	4.5	4.5
Legal/compliance committee	5.9	5.0	5.9	5.0	4.3	4.0	4.8	4.0
Strategy & planning committee	2.5	2.5	2.9	4.0	3.3	2.5	2.3	2.0
Investment/pension committee	3.9	4.0	3.8	4.0	5.3	4.0	5.5	5.5
Acquisition/corporate development committee	0.5	0.5	2.3	0.0	3.3	3.0	5.5	5.5
Other standing board committees	5.9	4.0	5.5	4.0	2.8	3.0	3.0	3.0

	Industrials				Information technology			
	2018		2016		2018		2016	
	Mean n=396	Median n=396	Mean n=389	Median n=389	Mean n=375	Median n=375	Mean n=361	Median n=361
Audit committee	6.9	7.0	6.8	7.0	7.5	7.0	7.1	7.0
Compensation committee	5.0	5.0	5.0	5.0	5.8	6.0	5.5	5.0
Nominating/governance committee	3.7	4.0	3.4	4.0	3.4	4.0	3.3	4.0
Combined compensation and nominating/ governance committee	2.0	2.0	0.0	0.0	3.0	3.5	2.8	3.5
Executive committee	0.9	0.0	0.8	0.0	1.2	0.0	1.3	0.0
Finance committee	4.5	4.0	4.4	4.0	4.3	4.0	4.9	5.0
Risk committee	3.3	3.0	2.7	3.0	5.9	4.0	5.5	4.5
CSR/public policy committee	2.0	2.0	3.0	3.0	0.0	0.0	0.0	0.0
Science & technology committee	2.4	3.0	2.8	3.0	2.6	3.0	2.8	4.0
Environment, health & safety committee	3.6	4.0	4.0	4.0	0.0	0.0	8.0	8.0
Legal/compliance committee	4.0	4.0	4.5	4.5	2.5	2.0	2.7	3.0
Strategy & planning committee	2.3	2.5	1.8	2.0	2.6	3.0	4.4	3.5
Investment/pension committee	6.0	5.5	5.0	4.0	2.5	2.0	4.1	1.0
Acquisition/corporate development committee	1.0	0.5	3.0	3.0	4.0	4.0	2.8	2.0
Other standing board committees	3.3	4.0	3.6	3.0	3.3	4.0	3.3	3.0

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Figure 1.6a (continued)

**Frequency of board committee meetings, by industry**

Number of meetings per year

	Materials				Real estate			
	2018		2016		2018		2016	
	Mean n=132	Median n=132	Mean n=127	Median n=127	Mean n=189	Median n=189	Mean n=183	Median n=183
Audit committee	7.2	7.0	7.2	7.0	6.2	5.0	6.2	6.0
Compensation committee	4.8	5.0	4.9	5.0	4.5	4.0	4.4	4.0
Nominating/governance committee	3.6	4.0	3.7	4.0	3.5	4.0	3.3	3.0
Combined compensation and nominating/ governance committee	0.0	0.0	0.0	0.0	4.5	4.5	0.0	0.0
Executive committee	0.5	0.0	0.7	0.0	0.6	0.0	0.8	0.0
Finance committee	4.6	4.0	4.8	5.0	4.9	4.0	3.9	4.0
Risk committee	4.2	4.0	3.7	4.0	4.0	4.0	3.0	4.0
CSR/public policy committee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Science & technology committee	2.8	3.0	3.2	3.0	4.0	4.0	3.0	3.0
Environment, health & safety committee	3.4	4.0	3.6	4.0	0.0	0.0	0.0	0.0
Legal/compliance committee	0.0	0.0	0.0	0.0	5.0	5.0	4.0	4.0
Strategy & planning committee	5.8	6.0	1.5	1.5	4.0	4.0	2.5	2.5
Investment/pension committee	2.5	2.5	3.5	3.5	3.8	3.0	5.1	4.0
Acquisition/corporate development committee	0.0	0.0	0.0	0.0	2.5	2.5	7.0	7.0
Other standing board committees	2.6	2.0	2.4	2.5	3.9	3.0	3.7	3.0

	Utilities			
	2018		2016	
	Mean n=78	Median n=78	Mean n=78	Median n=78
Audit committee	6.2	6.0	6.1	6.0
Compensation committee	4.6	5.0	4.7	5.0
Nominating/governance committee	4.5	4.0	4.7	4.0
Combined compensation and nominating/ governance committee	6.0	6.0	5.0	5.0
Executive committee	0.9	0.0	0.4	0.0
Finance committee	4.5	4.0	4.7	4.0
Risk committee	5.0	5.0	1.0	1.0
CSR/public policy committee	4.5	4.5	6.0	6.0
Science & technology committee	0.0	0.0	0.0	0.0
Environment, health & safety committee	4.2	4.0	4.1	4.0
Legal/compliance committee	4.0	4.0	4.0	4.0
Strategy & planning committee	6.0	6.0	6.0	6.0
Investment/pension committee	2.8	3.0	4.5	4.5
Acquisition/corporate development committee	0.0	0.0	0.0	0.0
Other standing board committees	5.0	4.0	5.0	4.5

Source: The Conference Board/ESGAUGE, 2019.



Figure 1.6b

**Frequency of board committee meetings, by company size**

Number of meetings per year

	ANNUAL REVENUE							
	Under \$1 billion				\$1 billion to \$4.9 billion			
	2018		2016		2018		2016	
	Mean n=1,002	Median n=1,002	Mean n=995	Median n=995	Mean n=696	Median n=696	Mean n=663	Median n=663
Audit committee	6.0	5.0	6.0	6.0	7.2	7.0	7.1	7.0
Compensation committee	4.8	5.0	4.7	5.0	5.5	5.0	5.4	5.0
Nominating/governance committee	3.0	3.0	2.8	3.0	3.7	4.0	3.6	4.0
Combined compensation and nominating/ governance committee	4.0	4.0	2.8	2.5	3.4	3.0	4.4	4.0
Executive committee	1.1	0.0	1.0	0.0	1.0	0.0	1.2	0.0
Finance committee	2.4	2.0	2.9	2.0	4.0	4.0	4.1	4.0
Risk committee	3.5	4.0	3.0	3.0	6.1	4.0	5.4	4.0
CSR/public policy committee	4.0	4.0	7.0	7.0	2.5	2.5	3.3	4.0
Science & technology committee	2.2	2.0	2.3	2.0	3.4	4.0	3.3	4.0
Environment, health & safety committee	3.8	4.0	4.3	4.0	3.3	4.0	3.7	4.0
Legal/compliance committee	4.1	4.0	4.4	4.0	3.4	4.0	3.7	4.0
Strategy & planning committee	3.2	2.0	3.4	3.0	3.1	3.0	3.3	3.5
Investment/pension committee	2.7	3.0	3.6	2.0	3.6	4.0	3.3	4.0
Acquisition/corporate development committee	3.0	1.5	3.0	2.0	2.8	3.0	4.7	4.0
Other standing board committees	2.7	2.0	2.7	2.0	3.2	3.0	3.3	3.0
	<b>\$5 billion to \$9.9 billion</b>				<b>\$10 billion to \$19.9 billion</b>			
	2018		2016		2018		2016	
	Mean n=189	Median n=189	Mean n=172	Median n=172	Mean n=128	Median n=128	Mean n=122	Median n=122
Audit committee	8.0	8.0	8.0	8.0	7.9	8.0	7.8	8.0
Compensation committee	5.8	6.0	5.8	6.0	5.9	6.0	5.5	5.0
Nominating/governance committee	4.2	4.0	4.3	4.0	4.6	4.0	4.4	4.0
Combined compensation and nominating/ governance committee	6.0	5.0	0.0	0.0	4.0	4.0	4.0	4.0
Executive committee	1.0	0.0	0.8	0.0	0.8	0.0	0.9	0.0
Finance committee	5.4	4.0	4.7	5.0	4.5	5.0	4.7	5.0
Risk committee	4.0	4.0	4.0	4.0	4.8	4.5	4.0	4.0
CSR/public policy committee	0.0	0.0	3.0	3.0	5.0	5.0	3.5	3.5
Science & technology committee	2.9	3.0	2.8	2.5	3.5	3.5	3.9	4.0
Environment, health & safety committee	3.9	4.0	3.3	4.0	3.7	4.0	4.0	4.0
Legal/compliance committee	2.5	2.0	3.4	4.0	4.5	4.0	5.0	4.0
Strategy & planning committee	3.0	4.0	1.5	1.5	1.0	1.0	4.0	4.0
Investment/pension committee	4.5	4.5	2.7	2.0	2.5	2.5	4.0	4.0
Acquisition/corporate development committee	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Other standing board committees	3.0	4.0	3.4	3.0	3.8	4.0	4.2	4.5

*(Table continues on next page)*

Figure 1.6b (continued)

**Frequency of board committee meetings, by company size**

Number of meetings per year

	ANNUAL REVENUE				ASSET VALUE			
	\$20 billion and over				Under \$10 billion			
	2018		2016		2018		2016	
	Mean n=123	Median n=123	Mean n=107	Median n=107	Mean n=519	Median n=519	Mean n=516	Median n=516
Audit committee	8.5	9.0	8.8	9.0	6.7	6.0	6.8	6.0
Compensation committee	5.9	6.0	6.1	6.0	4.8	4.0	4.7	4.0
Nominating/governance committee	4.5	4.0	5.0	5.0	3.3	3.0	3.2	3.0
Combined compensation and nominating/ governance committee	0.0	0.0	0.0	0.0	3.5	4.5	0.0	0.0
Executive committee	0.6	0.0	0.8	0.0	2.4	0.0	2.6	0.0
Finance committee	4.4	4.0	4.6	5.0	4.7	4.0	4.9	4.0
Risk committee	3.3	4.0	4.0	4.0	4.4	4.0	4.7	4.0
CSR/public policy committee	4.0	4.0	4.3	4.0	0.0	0.0	0.0	0.0
Science & technology committee	3.5	3.0	2.8	3.0	1.8	1.5	3.0	3.0
Environment, health & safety committee	4.1	4.5	5.5	5.5	0.0	0.0	0.0	0.0
Legal/compliance committee	4.7	4.5	5.0	5.0	5.4	5.0	5.5	4.0
Strategy & planning committee	3.5	3.5	6.0	6.0	2.5	2.5	2.4	2.5
Investment/pension committee	3.3	4.0	7.0	3.5	3.8	3.5	4.5	4.0
Acquisition/corporate development committee	9.0	9.0	2.5	2.5	1.7	0.0	4.7	7.0
Other standing board committees	3.9	4.0	4.9	4.0	4.7	4.0	5.4	4.0

	ASSET VALUE							
	\$10 billion to \$99 billion				\$100 billion and over			
	2018		2016		2018		2016	
	Mean n=155	Median n=155	Mean n=141	Median n=141	Mean n=42	Median n=42	Mean n=37	Median n=37
Audit committee	8.2	8.0	8.4	8.0	11.2	12.0	11.5	12.0
Compensation committee	5.7	6.0	5.8	6.0	6.6	7.0	7.1	7.0
Nominating/governance committee	4.1	4.0	4.1	4.0	5.0	5.0	5.2	5.0
Combined compensation and nominating/ governance committee	6.5	6.5	7.3	7.0	8.0	8.0	0.0	0.0
Executive committee	1.6	0.0	1.4	0.0	1.0	0.0	1.2	0.0
Finance committee	4.5	4.0	4.7	4.0	5.7	6.0	6.2	5.0
Risk committee	5.4	5.0	6.3	5.0	8.1	8.0	8.4	7.0
CSR/public policy committee	0.0	0.0	5.0	5.0	0.0	0.0	0.0	0.0
Science & technology committee	4.0	4.0	4.0	4.0	3.4	4.0	3.3	3.0
Environment, health & safety committee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legal/compliance committee	6.4	5.0	6.1	5.0	4.0	4.0	5.0	5.0
Strategy & planning committee	3.3	4.0	3.8	4.5	3.0	3.0	4.0	4.0
Investment/pension committee	3.8	4.0	3.5	4.0	4.2	4.0	4.8	4.5
Acquisition/corporate development committee	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Other standing board committees	7.6	5.0	5.0	4.0	5.9	5.0	4.8	5.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.7

**Policy on committee member rotation, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=488	2018 n=2,828	2016 n=2,644
The company has a formal policy on the rotation of committee members	20.5%	20.7%	13.3%	13.5%
No member rotation policy	79.5	79.3	86.7	86.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.7a

**Policy on committee member rotation, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=337	2016 n=319	2018 n=106	2016 n=102	2018 n=165	2016 n=151
The company has a formal policy on the rotation of committee members	13.8%	13.5%	12.8%	12.9%	19.8%	18.6%	10.3%	11.3%
No member rotation policy	86.2	86.5	87.2	87.1	80.2	81.4	89.7	88.7

	Financials		Health care		Industrials		Information technology	
	2018 n=521	2016 n=497	2018 n=423	2016 n=378	2018 n=395	2016 n=377	2018 n=374	2016 n=340
The company has a formal policy on the rotation of committee members	11.7%	12.1%	10.6%	11.6%	15.9%	15.6%	11.8%	12.1%
No member rotation policy	88.3	87.9	89.4	88.4	84.1	84.4	88.2	87.9

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=122	2018 n=189	2016 n=179	2018 n=78	2016 n=75
The company has a formal policy on the rotation of committee members	13.0%	13.1%	16.4%	15.6%	24.4%	22.7%
No member rotation policy	87.0	86.9	83.6	84.4	75.6	77.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.7b

**Policy on committee member rotation, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=987	2016 n=936	2018 n=693	2016 n=640	2018 n=187	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
The company has a formal policy on the rotation of committee members	7.4%	8.3%	16.3%	16.4%	19.3%	17.9%	20.3%	20.3%	29.3%	29.2%
No member rotation policy	92.6	91.7	83.7	83.6	80.7	82.1	79.7	79.7	70.7	70.8

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=514	2016 n=502	2018 n=154	2016 n=137	2018 n=42	2016 n=37
The company has a formal policy on the rotation of committee members	11.7%	12.0%	15.6%	14.6%	19.0%	21.6%
No member rotation policy	88.3	88.0	84.4	85.4	81.0	78.4

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.8

**Term limit for committee membership, by index**

Number of terms, percentage of total

	S&P 500		Russell 3000	
	2018 n=9	2016 n=9	2018 n=39	2016 n=38
<b>Mean</b>	<b>5.0</b>	<b>5.0</b>	<b>4.6</b>	<b>4.6</b>
<b>Median</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
1 term	0.0	0.0	5.1%	5.3%
2 terms	0.0	0.0	2.6	2.6
3 terms	11.1%	11.1%	7.7	7.9
4 terms	0.0	0.0	2.6	2.6
5 terms	66.7	66.7	71.8	71.1
More than 5 terms	22.2	22.2	10.3	10.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.8a

**Term limit for committee membership, by industry**

Number of terms, percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018	2016	2018	2016	2018	2016	2018	2016
	n=1	n=1	n=4	n=4	n=3	n=3	n=0	n=0
<b>Mean</b>	5.0	5.0	5.0	5.0	3.3	3.3	0.0	0.0
<b>Median</b>	5.0	5.0	5.0	5.0	3.0	3.0	0.0	0.0
1 term	0.0	0.0	0.0	0.0	33.3%	33.3%	0.0	0.0
2 terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 terms	0.0	0.0	0.0	0.0	33.3	33.3	0.0	0.0
4 terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 terms	100.0%	100.0%	100.0%	100.0%	0.0	0.0	0.0	0.0
More than 5 terms	0.0	0.0	0.0	0.0	33.3	33.3	0.0	0.0

	Financials		Health care		Industrials		Information technology	
	2018	2016	2018	2016	2018	2016	2018	2016
	n=4	n=4	n=13	n=13	n=7	n=7	n=2	n=1
<b>Mean</b>	5.0	5.0	4.8	4.8	4.3	4.3	5.0	5.0
<b>Median</b>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
1 term	0.0	0.0	0.0	0.0	14.3%	14.3%	0.0	0.0
2 terms	0.0	0.0	0.0	0.0	14.3	14.3	0.0	0.0
3 terms	0.0	0.0	7.7%	7.7%	0.0	0.0	0.0	0.0
4 terms	0.0	0.0	7.7	7.7	0.0	0.0	0.0	0.0
5 terms	100.0%	100.0%	84.6	84.6	42.9	42.9	100.0%	100.0%
More than 5 terms	0.0	0.0	0.0	0.0	28.6	28.6	0.0	0.0

	Materials		Real estate		Utilities	
	2018	2016	2018	2016	2018	2016
	n=1	n=1	n=2	n=2	n=2	n=2
<b>Mean</b>	5.0	5.0	5.5	5.5	4.0	4.0
<b>Median</b>	5.0	5.0	5.5	5.5	4.0	4.0
1 term	0.0	0.0	0.0	0.0	0.0	0.0
2 terms	0.0	0.0	0.0	0.0	0.0	0.0
3 terms	0.0	0.0	0.0	0.0	50.0%	50.0%
4 terms	0.0	0.0	0.0	0.0	0.0	0.0
5 terms	100.0%	100.0%	50.0%	50.0%	50.0	50.0
More than 5 terms	0.0	0.0	50.0	50.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.8b

**Term limit for committee membership, by company size**

Number of terms, percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=13	2016 n=14	2018 n=11	2016 n=10	2018 n=2	2016 n=1	2018 n=2	2016 n=4	2018 n=5	2016 n=3
<b>Mean</b>	4.4	4.2	4.4	4.6	5.0	5.0	4.0	4.5	5.4	5.7
<b>Median</b>	5.0	5.0	5.0	5.0	5.0	5.0	4.0	5.0	5.0	6.0
1 term	7.7%	14.3%	9.1%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 terms	0.0	0.0	9.1	10.0%	0.0	0.0	0.0	0.0	0.0	0.0
3 terms	15.4	7.1	0.0	10.0	0.0	0.0	50.0%	25.0%	0.0	0.0
4 terms	0.0	7.1	9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 terms	76.9	71.4	63.6	70.0	100.0%	100.0%	50.0	75.0	60.0%	33.3%
More than 5 terms	0.0	0.0	9.1	10.0	0.0	0.0	0.0	0.0	40.0	66.7

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=3	2016 n=3	2018 n=2	2016 n=2	2018 n=1	2016 n=1
<b>Mean</b>	5.3	5.3	5.0	5.0	5.0	5.0
<b>Median</b>	5.0	5.0	5.0	5.0	5.0	5.0
1 term	0.0	0.0	0.0	0.0	0.0	0.0
2 terms	0.0	0.0	0.0	0.0	0.0	0.0
3 terms	0.0	0.0	0.0	0.0	0.0	0.0
4 terms	0.0	0.0	0.0	0.0	0.0	0.0
5 terms	66.7%	66.7%	100.0%	100.0%	100.0%	100.0%
More than 5 terms	33.3	33.3	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.9

**Policy on committee chair rotation, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,828	2016 n=2,644
The company has a formal policy on the rotation of committee chairs	17.9%	18.1%	12.2%	12.4%
No chair rotation policy	82.1	81.9	87.8	87.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.9a

**Policy on committee chair rotation, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=338	2016 n=319	2018 n=106	2016 n=102	2018 n=165	2016 n=151
The company has a formal policy on the rotation of committee chairs	14.7%	14.4%	11.5%	11.3%	17.0%	16.7%	6.7%	7.3%
No chair rotation policy	85.3	85.6	88.5	88.7	83.0	83.3	93.3	92.7

	Financials		Health care		Industrials		Information technology	
	2018 n=521	2016 n=497	2018 n=422	2016 n=378	2018 n=395	2016 n=377	2018 n=374	2016 n=340
The company has a formal policy on the rotation of committee chairs	10.6%	11.1%	10.0%	10.8%	14.9%	14.6%	9.6%	10.0%
No chair rotation policy	89.4	88.9	90.0	89.2	85.1	85.4	90.4	90.0

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=122	2018 n=189	2016 n=179	2018 n=78	2016 n=76
The company has a formal policy on the rotation of committee chairs	14.5%	14.8%	18.5%	17.9%	17.9%	18.7%
No chair rotation policy	85.5	85.2	81.5	82.1	82.1	81.3

Source: The Conference Board/ESGAUGE, 2019.



Figure 1.9b

**Policy on committee chair rotation, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=987	2016 n=937	2018 n=693	2016 n=639	2018 n=187	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
The company has a formal policy on the rotation of committee chairs	6.3%	7.0%	14.9%	15.2%	16.0%	14.9%	22.7%	20.3%	24.4%	27.4%
No chair rotation policy	93.7	93.0	85.1	84.8	84.0	85.1	77.3	79.7	75.6	72.6

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=514	2016 n=502	2018 n=154	2016 n=137	2018 n=42	2016 n=37
The company has a formal policy on the rotation of committee chairs	12.1%	12.2%	13.6%	13.9%	16.7%	18.9%
No chair rotation policy	87.9	87.8	86.4	86.1	83.3	81.1

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.10

**Term limit for committee chairmanship, by index**

Number of terms, percentage of total

	S&P 500		Russell 3000	
	2018 n=34	2016 n=34	2018 n=83	2016 n=81
<b>Mean</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>
<b>Median</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
1 term	2.9%	2.9%	2.4%	2.5%
2 terms	2.9	2.9	1.2	1.2
3 terms	8.8	8.8	9.6	9.9
4 terms	2.9	5.9	6.0	7.4
5 terms	58.8	55.9	65.1	63.0
More than 5 terms	23.5	23.5	15.7	16.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.10a

**Term limit for committee chairmanship, by industry**

Number of terms, percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=4	2016 n=4	2018 n=9	2016 n=9	2018 n=4	2016 n=4	2018 n=2	2016 n=2
<b>Mean</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.8</b>	<b>4.8</b>	<b>5.5</b>	<b>5.5</b>
<b>Median</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.5</b>	<b>5.5</b>
1 term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 terms	25.0%	25.0%	33.3%	33.3%	25.0%	25.0%	0.0	0.0
4 terms	0.0	0.0	11.1	11.1	0.0	0.0	0.0	0.0
5 terms	75.0	75.0	33.3	33.3	50.0	50.0	50.0%	50.0%
More than 5 terms	0.0	0.0	22.2	22.2	25.0	25.0	50.0	50.0

	Financials		Health care		Industrials		Information technology	
	2018 n=16	2016 n=16	2018 n=16	2016 n=16	2018 n=14	2016 n=13	2018 n=5	2016 n=4
<b>Mean</b>	<b>5.2</b>	<b>5.1</b>	<b>4.7</b>	<b>4.7</b>	<b>4.8</b>	<b>4.8</b>	<b>5.0</b>	<b>5.0</b>
<b>Median</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
1 term	0.0	0.0	6.3%	6.3%	7.1%	7.7%	0.0	0.0
2 terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 terms	6.3%	6.3%	0.0	0.0	7.1	7.7	0.0	0.0
4 terms	0.0	6.3	6.3	6.3	7.1	7.7	0.0	0.0
5 terms	62.5	56.3	87.5	87.5	50.0	46.2	100.0%	100.0%
More than 5 terms	31.3	31.3	0.0	0.0	28.6	30.8	0.0	0.0

	Materials		Real estate		Utilities	
	2018 n=5	2016 n=5	2018 n=4	2016 n=4	2018 n=4	2016 n=4
<b>Mean</b>	<b>4.0</b>	<b>4.0</b>	<b>4.5</b>	<b>4.5</b>	<b>5.0</b>	<b>5.0</b>
<b>Median</b>	<b>4.0</b>	<b>4.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
1 term	0.0	0.0	0.0	0.0	0.0	0.0
2 terms	20.0%	20.0%	0.0	0.0	0.0	0.0
3 terms	0.0	0.0	25.0%	25.0%	0.0	0.0
4 terms	40.0	40.0	0.0	0.0	0.0	0.0
5 terms	40.0	40.0	75.0	75.0	100.0%	100.0%
More than 5 terms	0.0%	0.0%	0.0%	0.0%	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.10b

**Term limit for committee chairmanship, by company size**

Number of terms, percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=13	2016 n=14	2018 n=20	2016 n=19	2018 n=9	2016 n=9	2018 n=7	2016 n=5	2018 n=14	2016 n=14
<b>Mean</b>	<b>4.9</b>	<b>4.6</b>	<b>4.6</b>	<b>4.8</b>	<b>4.3</b>	<b>4.1</b>	<b>4.3</b>	<b>4.4</b>	<b>5.1</b>	<b>5.1</b>
<b>Median</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
1 term	0.0	7.1%	5.0%	0.0	0.0	0.0	0.0	0.0	7.1%	7.1%
2 terms	0.0	0.0	0.0	0.0	11.1%	11.1%	0.0	0.0	0.0	0.0
3 terms	0.0	0.0	10.0	15.8%	22.2	22.2	28.6%	20.0%	0.0	0.0
4 terms	7.7%	14.3	15.0	5.3	0.0	11.1	14.3	20.0	0.0	0.0
5 terms	92.3	78.6	60.0	63.2	55.6	55.6	57.1	60.0	57.1	57.1
More than 5 terms	0.0	0.0	10.0	15.8	11.1	0.0	0.0	0.0	35.7	35.7

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=9	2016 n=9	2018 n=5	2016 n=5	2018 n=6	2016 n=6
<b>Mean</b>	<b>4.8</b>	<b>4.8</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>	<b>5.2</b>
<b>Median</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
1 term	0.0	0.0	0.0	0.0	0.0	0.0
2 terms	0.0	0.0	0.0	0.0	0.0	0.0
3 terms	22.2%	22.2%	0.0	0.0	0.0	0.0
4 terms	0.0	0.0	0.0	0.0	0.0	16.7%
5 terms	55.6	55.6	80.0%	80.0%	66.7%	50.0
More than 5 terms	22.2	22.2	20.0	20.0	33.3	33.3

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.11

**Chairman's relationship with the company, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=485	2016 n=479	2018 n=2,753	2016 n=2,590
Current CEO	52.8%	50.1%	38.8%	41.4%
Independent director	28.5	27.8	40.7	38.0
Non-independent director (other than the CEO)	18.8	22.1	20.5	20.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.11a

**Chairman's relationship with the company, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=107	2016 n=104	2018 n=338	2016 n=316	2018 n=103	2016 n=101	2018 n=162	2016 n=146
Current CEO	35.5%	36.5%	38.2%	41.5%	42.7%	46.5%	39.5%	44.5%
Independent director	24.3	26.9	35.8	30.1	27.2	25.7	37.0	34.9
Non-independent director (other than the CEO)	40.2	36.5	26.0	28.5	30.1	27.7	23.5	20.5

	Financials		Health care		Industrials		Information technology	
	2018 n=508	2016 n=490	2018 n=410	2016 n=363	2018 n=386	2016 n=370	2018 n=358	2016 n=335
Current CEO	38.6%	43.5%	35.9%	36.6%	43.5%	45.1%	35.8%	37.3%
Independent director	42.3	37.3	51.7	49.9	39.9	37.6	46.1	46.6
Non-independent director (other than the CEO)	19.1	19.2	12.4	13.5	16.6	17.3	18.2	16.1

	Materials		Real estate		Utilities	
	2018 n=126	2016 n=120	2018 n=180	2016 n=172	2018 n=75	2016 n=73
Current CEO	42.1%	47.5%	38.9%	37.2%	41.3%	43.8%
Independent director	39.7	30.0	32.8	34.3	41.3	39.7
Non-independent director (other than the CEO)	18.3	22.5	28.3	28.5	17.3	16.4

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.11b

**Chairman's relationship with the company, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=952	2016 n=905	2018 n=681	2016 n=636	2018 n=185	2016 n=164	2018 n=126	2016 n=117	2018 n=121	2016 n=106
Current CEO	34.1%	37.0%	39.5%	41.8%	35.7%	41.5%	50.0%	51.3%	65.3%	62.3%
Independent director	47.3	45.6	39.5	34.9	38.9	32.9	29.4	26.5	15.7	19.8
Non-independent director (other than the CEO)	18.6	17.3	21.0	23.3	25.4	25.6	20.6	22.2	19.0	17.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=500	2016 n=492	2018 n=146	2016 n=133	2018 n=42	2016 n=37
Current CEO	35.2%	40.0%	39.7%	39.1%	76.2%	75.7%
Independent director	42.6	38.2	36.3	35.3	19.0	18.9
Non-independent director (other than the CEO)	22.2	21.7	24.0	25.6	4.8	5.4

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.12

**Policy on CEO/chairman separation (combination), by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=492	2018 n=2,854	2016 n=2,751
Policy states that CEO and Chairman office should be separated	15.4%	15.2%	23.4%	22.5%
Policy states that CEO and Chairman office should be combined	11.5	11.6	12.2	13.4
The policy gives the board flexibility between separation and combination, depending on what circumstances warrant	71.9	71.7	60.5	57.8
No policy	1.2	1.4	3.9	6.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.12a

**Policy on CEO/chairman separation (combination), by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=107	2018 n=342	2016 n=336	2018 n=107	2016 n=105	2018 n=167	2016 n=156
Policy states that CEO and Chairman office should be separated	27.5%	26.2%	17.5%	17.3%	18.7%	16.2%	18.0%	13.5%
Policy states that CEO and Chairman office should be combined	16.5	18.7	12.3	12.2	6.5	8.6	9.0	10.9
The policy gives the board flexibility between separation and combination, depending on what circumstances warrant	51.4	50.5	67.3	64.6	69.2	68.6	62.9	64.7
No policy	4.6	4.7	2.9	6.0	5.6	6.7	10.2	10.9
	Financials		Health care		Industrials		Information technology	
	2018 n=527	2016 n=510	2018 n=432	2016 n=400	2018 n=396	2016 n=389	2018 n=375	2016 n=360
Policy states that CEO and Chairman office should be separated	30.6%	31.2%	26.4%	25.8%	19.2%	18.3%	25.6%	22.8%
Policy states that CEO and Chairman office should be combined	15.7	16.7	10.4	12.3	13.9	16.2	10.1	9.4
The policy gives the board flexibility between separation and combination, depending on what circumstances warrant	49.7	47.8	59.5	54.3	63.4	59.9	61.9	59.7
No policy	4.0	4.3	3.7	7.8	3.5	5.7	2.4	8.1
	Materials		Real estate		Utilities			
	2018 n=132	2016 n=127	2018 n=189	2016 n=183	2018 n=78	2016 n=78		
Policy states that CEO and Chairman office should be separated	19.7%	18.9%	20.6%	22.4%	21.8%	19.2%		
Policy states that CEO and Chairman office should be combined	12.1	14.2	11.1	11.5	9.0	14.1		
The policy gives the board flexibility between separation and combination, depending on what circumstances warrant	65.9	61.4	64.0	60.7	65.4	61.5		
No policy	2.3	5.5	4.2	5.5	3.8	5.1		

Source: The Conference Board/ESGAUGE, 2019.



Figure 1.12b

**Policy on CEO/chairman separation (combination), by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,002	2016 n=994	2018 n=696	2016 n=663	2018 n=189	2016 n=172	2018 n=128	2016 n=122	2018 n=123	2016 n=107
Policy states that CEO and Chairman office should be separated	25.4%	23.7%	19.4%	18.3%	23.3%	18.6%	16.4%	14.8%	11.4%	11.2%
Policy states that CEO and Chairman office should be combined	11.6	13.4	11.1	12.1	5.8	9.3	18.8	15.6	12.2	13.1
The policy gives the board flexibility between separation and combination, depending on what circumstances warrant	57.1	52.8	67.0	65.2	68.8	68.6	64.1	66.4	75.6	73.8
No policy	5.9	10.1	2.6	4.5	2.1	3.5	0.8	3.3	0.8	1.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=515	2018 n=155	2016 n=141	2018 n=42	2016 n=37
Policy states that CEO and Chairman office should be separated	30.1%	30.5%	27.1%	29.8%	4.8%	2.7%
Policy states that CEO and Chairman office should be combined	14.5	15.5	13.5	14.2	19.0	16.2
The policy gives the board flexibility between separation and combination, depending on what circumstances warrant	50.9	48.5	56.1	53.2	76.2	81.1
No policy	4.6	5.4	3.2	2.8	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.13

**CEO/chairman separation rationale disclosure, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=76	2016 n=70	2018 n=648	2016 n=598
The two offices have different responsibilities	65.8%	71.4%	60.6%	62.0%
By separating the roles, the company can draw on the leadership skills and business experience of two different individuals	15.8	14.3	15.0	13.9
The company is committed to strong, independent board leadership and governance	9.2	10.0	11.4	10.7
A non-CEO Chairman enables non-executive directors to raise issues and concerns for board consideration without immediately involving management	1.3	2.9	0.6	0.8
Other	30.3	27.1	27.0	25.8

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.13a

**CEO/chairman separation rationale disclosure, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=30	2016 n=29	2018 n=62	2016 n=58	2018 n=19	2016 n=16	2018 n=29	2016 n=21
The two offices have different responsibilities	66.7%	72.4%	69.4%	63.8%	63.2%	68.8%	69.0%	71.4%
By separating the roles, the company can draw on the leadership skills and business experience of two different individuals	20.0	13.8	12.9	13.8	26.3	25.0	17.2	19.0
The company is committed to strong, independent board leadership and governance	6.7	10.3	1.6	1.7	21.1	18.8	13.8	9.5
A non-CEO Chairman enables non-executive directors to raise issues and concerns for board consideration without immediately involving management	0.0	3.4	1.6	1.7	0.0	0.0	0.0	0.0
Other	20.0	17.2	24.2	29.3	15.8	6.3	24.1	19.0
	Financials		Health care		Industrials		Information technology	
	2018 n=153	2016 n=154	2018 n=110	2016 n=98	2018 n=74	2016 n=68	2018 n=92	2016 n=79
The two offices have different responsibilities	58.2%	57.8%	59.1%	67.3%	54.1%	52.9%	62.0%	65.8%
By separating the roles, the company can draw on the leadership skills and business experience of two different individuals	15.0	14.3	13.6	11.2	14.9	11.8	14.1	13.9
The company is committed to strong, independent board leadership and governance	13.7	13.6	12.7	9.2	10.8	11.8	10.9	8.9
A non-CEO Chairman enables non-executive directors to raise issues and concerns for board consideration without immediately involving management	0.7	0.6	0.0	0.0	0.0	0.0	1.1	1.3
Other	28.1	26.6	25.5	21.4	36.5	41.2	25.0	22.8
	Materials		Real estate		Utilities			
	2018 n=23	2016 n=21	2018 n=38	2016 n=39	2018 n=18	2016 n=15		
The two offices have different responsibilities	60.9%	61.9%	60.5%	59.0%	55.6%	53.3%		
By separating the roles, the company can draw on the leadership skills and business experience of two different individuals	21.7	19.0	7.9	7.9	16.7	20.0		
The company is committed to strong, independent board leadership and governance	13.0	9.5	10.5	10.5	16.7	20.0		
A non-CEO Chairman enables non-executive directors to raise issues and concerns for board consideration without immediately involving management	0.0	0.0	2.6	2.6	0.0	0.0		
Other	34.8	33.3	31.6	31.6	16.7	13.3		

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.13b

**CEO/chairman separation rationale disclosure, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=245	2016 n=229	2018 n=134	2016 n=117	2018 n=43	2016 n=30	2018 n=21	2016 n=17	2018 n=14	2016 n=12
The two offices have different responsibilities	55.5%	58.5%	67.2%	69.2%	72.1%	80.0%	66.7%	58.8%	71.4%	83.3%
By separating the roles, the company can draw on the leadership skills and business experience of two different individuals	18.0	17.5	13.4	8.5	11.6	10.0	14.3	17.6	7.1	8.3
The company is committed to strong, independent board leadership and governance	14.3	10.5	6.0	6.8	11.6	13.3	0.0	0.0	7.1	16.7
A non-CEO Chairman enables non-executive directors to raise issues and concerns for board consideration without immediately involving management	0.4	0.4	0.7	0.9	0.0	0.0	0.0	0.0	0.0	8.3
Other	25.3	25.3	29.1	26.5	23.3	26.7	28.6	29.4	21.4	8.3
	ASSET VALUE									
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over					
	2018 n=147	2016 n=151	2018 n=42	2016 n=41	2018 n=2	2016 n=1				
The two offices have different responsibilities	56.5%	55.6%	66.7%	65.9%	50.0%	100.0%				
By separating the roles, the company can draw on the leadership skills and business experience of two different individuals	15.0	15.2	7.1	7.3	50.0	0.0				
The company is committed to strong, independent board leadership and governance	14.3	13.9	9.5	12.2	0.0	0.0				
A non-CEO Chairman enables non-executive directors to raise issues and concerns for board consideration without immediately involving management	1.4	1.3	0.0	0.0	0.0	0.0				
Other	29.3	25.8	26.2	29.3	50.0	0.0				

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.14

**CEO/chairman combination rationale disclosure, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=58	2016 n=62	2018 n=351	2016 n=376
The combination enables better communication between management and the board and enhances the company's ability to carry out its strategic plan	24.1%	27.4%	21.4%	21.8%
Because of his/her industry experience and knowledge of the company's daily operations, the CEO is best suited to set the board agenda	44.8	41.9	46.7	47.3
The company believes that board leadership independence can be achieved through a lead (or presiding) independent director	27.6	29.0	16.0	16.5
The combination of the roles promotes unified leadership and a cohesive corporate culture	13.8	17.7	16.0	16.8
Other	25.9	24.2	34.5	31.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.14a  
**CEO/chairman combination rationale disclosure, by industry**  
 Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=19	2016 n=21	2018 n=41	2016 n=42	2018 n=7	2016 n=9	2018 n=15	2016 n=17
The combination enables better communication between management and the board and enhances the company's ability to carry out its strategic plan	10.5%	9.5%	14.6%	19.0%	0.0	11.1%	26.7%	23.5%
Because of his/her industry experience and knowledge of the company's daily operations, the CEO is best suited to set the board agenda	42.1	38.1	56.1	52.4	28.6%	33.3	40.0	58.8
The company believes that board leadership independence can be achieved through a lead (or presiding) independent director	10.5	9.5	22.0	19.0	14.3	11.1	13.3	11.8
The combination of the roles promotes unified leadership and a cohesive corporate culture	10.5	14.3	7.3	9.5	0.0	22.2	13.3	17.6
Other	42.1	42.9	26.8	31.0	57.1	44.4	33.3	11.8
	Financials		Health care		Industrials		Information technology	
	2018 n=85	2016 n=88	2018 n=45	2016 n=51	2018 n=53	2016 n=61	2018 n=40	2016 n=35
The combination enables better communication between management and the board and enhances the company's ability to carry out its strategic plan	27.1%	22.7%	28.9%	29.4%	13.2%	18.0%	25.0%	28.6%
Because of his/her industry experience and knowledge of the company's daily operations, the CEO is best suited to set the board agenda	47.1	56.8	42.2	41.2	43.4	39.3	47.5	40.0
The company believes that board leadership independence can be achieved through a lead (or presiding) independent director	22.4	19.3	8.9	7.8	9.4	13.1	12.5	17.1
The combination of the roles promotes unified leadership and a cohesive corporate culture	15.3	13.6	15.6	13.7	28.3	27.9	22.5	25.7
Other	30.6	28.4	42.2	37.3	43.4	37.7	30.0	25.7
	Materials		Real estate		Utilities			
	2018 n=18	2016 n=20	2018 n=22	2016 n=21	2018 n=6	2016 n=11		
The combination enables better communication between management and the board and enhances the company's ability to carry out its strategic plan	22.2%	20.0%	22.7%	28.6%	16.7%	9.1%		
Because of his/her industry experience and knowledge of the company's daily operations, the CEO is best suited to set the board agenda	38.9	35.0	63.6	63.6	50.0	54.5		
The company believes that board leadership independence can be achieved through a lead (or presiding) independent director	27.8	25.0	13.6	13.6	16.7	45.5		
The combination of the roles promotes unified leadership and a cohesive corporate culture	5.6	10.0	13.6	13.6	16.7	9.1		
Other	27.8	35.0	31.8	31.8	16.7	27.3		

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.14b

**CEO/chairman combination rationale disclosure, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=117	2016 n=133	2018 n=76	2016 n=80	2018 n=13	2016 n=19	2018 n=23	2016 n=20	2018 n=15	2016 n=15
The combination enables better communication between management and the board and enhances the company's ability to carry out its strategic plan	19.7%	20.3%	17.1%	18.8%	15.4%	31.6%	21.7%	10.0%	26.7%	40.0%
Because of his/her industry experience and knowledge of the company's daily operations, the CEO is best suited to set the board agenda	45.3	45.9	50.0	47.5	38.5	31.6	52.2	45.0	13.3	6.7
The company believes that board leadership independence can be achieved through a lead (or presiding) independent director	6.0	7.5	13.2	16.3	23.1	21.1	26.1	40.0	53.3	40.0
The combination of the roles promotes unified leadership and a cohesive corporate culture	15.4	13.5	19.7	22.5	15.4	26.3	8.7	15.0	20.0	26.7
Other	41.9	36.8	27.6	26.3	53.8	47.4	30.4	25.0	26.7	33.3

**ASSET VALUE**

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=80	2016 n=83	2018 n=19	2016 n=20	2018 n=8	2016 n=6
The combination enables better communication between management and the board and enhances the company's ability to carry out its strategic plan	30.0%	26.5%	21.1%	20.0%	0.0	0.0
Because of his/her industry experience and knowledge of the company's daily operations, the CEO is best suited to set the board agenda	53.8	61.4	42.1	45.0	37.5%	50.0%
The company believes that board leadership independence can be achieved through a lead (or presiding) independent director	20.0	19.3	15.8	20.0	37.5	16.7
The combination of the roles promotes unified leadership and a cohesive corporate culture	12.5	12.0	26.3	20.0	12.5	16.7
Other	27.5	28.9	47.4	30.0	25.0	16.7

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.15

**Policy on lead (or presiding) director, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,845	2016 n=2,664
Companies with a written policy on the institution of a lead (or presiding) director	86.0%	87.1%	66.7%	66.3%
No policy	14.0	12.9	33.3	33.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.15a

**Policy on lead (or presiding) director, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=341	2016 n=322	2018 n=107	2016 n=102	2018 n=166	2016 n=152
Companies with a written policy on the institution of a lead (or presiding) director	55.0%	59.6%	72.7%	72.0%	62.6%	61.8%	63.3%	63.8%
No policy	45.0	40.4	27.3	28.0	37.4	38.2	36.7	36.2

	Financials		Health care		Industrials		Information technology	
	2018 n=525	2016 n=501	2018 n=430	2016 n=386	2018 n=395	2016 n=378	2018 n=374	2016 n=341
Companies with a written policy on the institution of a lead (or presiding) director	61.0%	59.3%	64.0%	62.4%	66.3%	66.4%	72.7%	72.1%
No policy	39.0	40.7	36.0	37.6	33.7	33.6	27.3	27.9

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=122	2018 n=189	2016 n=181	2018 n=78	2016 n=75
Companies with a written policy on the institution of a lead (or presiding) director	75.6%	76.2%	70.9%	70.7%	70.5%	76.0%
No policy	24.4	23.8	29.1	29.3	29.5	24.0

Source: The Conference Board/ESGAUGE, 2019.



Figure 1.15b

**Policy on lead (or presiding) director, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=996	2016 n=948	2018 n=696	2016 n=642	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a written policy on the institution of a lead (or presiding) director	57.4%	56.0%	73.1%	73.8%	77.7%	80.4%	79.7%	86.4%	92.7%	94.3%
No policy	42.6	44.0	26.9	26.2	22.3	19.6	20.3	13.6	7.3	5.7

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=517	2016 n=505	2018 n=155	2016 n=140	2018 n=42	2016 n=37
Companies with a written policy on the institution of a lead (or presiding) director	59.2%	58.8%	72.3%	68.6%	85.7%	86.5%
No policy	40.8	41.2	27.7	31.4	14.3	13.5

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.16

**Lead (or presiding) director duties, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=392	2016 n=395	2018 n=1,663	2016 n=1,553
Sets and approves board agenda	50.8%	51.4%	39.1%	38.6%
Reviews and advises on the preparation of the board agenda, but does not grant its ultimate approval	26.5	26.1	28.9	29.4
Acts as a liaison between non-executive directors and the CEO/board chairman and management	76.8	76.7	68.9	68.8
Calls and/or chairs regular board meetings	69.4	67.1	55.1	55.1
Calls and/or chairs executive sessions of the board	78.6	80.5	67.9	67.8
Calls and/or chairs special board meetings	11.7	13.2	9.1	9.8
Serves as chair of the nominating/governance committee	4.6	4.3	3.1	3.1
Leads the annual CEO performance evaluation process	19.4	19.0	11.4	11.9
Leads the board assessment process	16.8	16.7	8.4	8.6
Recommends advisers and consultants to the board	18.6	17.2	15.5	15.3
Serves as chair of shareholder meetings	11.7	11.9	7.3	7.7
Serves as spokesperson for the board on governance or other matters with external audiences	1.5	2.0	1.9	1.9
Other	65.3	67.3	72.7	72.1

Source: The Conference Board/ESGAUGE, 2019.

BOARD ORGANIZATION

Figure 1.16a

**Lead (or presiding) director duties, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018	2016	2018	2016	2018	2016	2018	2016
	n=51	n=54	n=225	n=204	n=63	n=60	n=89	n=82
Sets and approves board agenda	31.4%	29.6%	41.8%	39.7%	52.4%	51.7%	46.1%	47.6%
Reviews and advises on the preparation of the board agenda, but does not grant its ultimate approval	19.6	20.4	34.2	34.8	27.0	31.7	27.0	25.6
Acts as a liaison between non-executive directors and the CEO/board chairman and management	60.8	63.0	69.8	70.1	76.2	76.7	68.5	68.3
Calls and/or chairs regular board meetings	60.8	61.1	52.9	53.9	74.6	76.7	39.3	42.7
Calls and/or chairs executive sessions of the board	68.6	68.5	67.1	64.7	79.4	78.3	67.4	68.3
Calls and/or chairs special board meetings	13.7	14.8	8.9	8.8	7.9	6.7	6.7	7.3
Serves as chair of the nominating/governance committee	2.0	1.9	4.0	4.4	1.6	1.7	4.5	4.5
Leads the annual CEO performance evaluation process	9.8	9.3	12.4	13.2	19.0	20.0	12.4	12.4
Leads the board assessment process	15.7	14.8	7.6	7.4	9.5	11.7	11.2	11.2
Recommends advisers and consultants to the board	15.7	14.8	16.0	16.7	11.1	10.0	16.9	16.9
Serves as chair of shareholder meetings	9.8	7.4	6.2	7.4	6.3	8.3	7.9	7.9
Serves as spokesperson for the board on governance or other matters with external audiences	2.0	1.9	1.3	1.5	0.0	0.0	0.0	0.0
Other	70.6	74.1	72.9	72.1	82.5	80.0	69.7	69.7

	Financials		Health care		Industrials		Information technology	
	2018	2016	2018	2016	2018	2016	2018	2016
	n=281	n=260	n=235	n=207	n=233	n=226	n=232	n=212
Sets and approves board agenda	32.0%	32.7%	36.6%	38.2%	43.8%	42.9%	34.1%	33.0%
Reviews and advises on the preparation of the board agenda, but does not grant its ultimate approval	30.2	28.5	27.2	27.1	33.0	35.4	24.1	25.0
Acts as a liaison between non-executive directors and the CEO/board chairman and management	69.8	70.0	61.7	63.3	71.2	70.8	68.1	67.9
Calls and/or chairs regular board meetings	49.1	47.7	54.5	57.0	59.7	58.0	55.2	53.3
Calls and/or chairs executive sessions of the board	72.6	72.7	66.0	62.8	69.5	71.7	57.3	58.5
Calls and/or chairs special board meetings	7.5	9.2	8.5	10.1	8.6	8.8	9.1	9.0
Serves as chair of the nominating/governance committee	3.9	3.5	2.6	1.9	2.1	1.3	2.2	2.8
Leads the annual CEO performance evaluation process	15.7	16.5	11.9	13.5	11.6	11.5	6.9	7.5
Leads the board assessment process	10.7	10.0	5.1	5.8	9.4	9.3	5.2	5.7
Recommends advisers and consultants to the board	16.0	15.8	15.3	16.4	14.6	13.3	15.5	16.5
Serves as chair of shareholder meetings	6.0	6.5	6.8	7.7	10.7	9.7	6.5	6.6
Serves as spokesperson for the board on governance or other matters with external audiences	2.1	2.3	0.4	0.5	0.9	1.3	3.9	3.3
Other	72.2	70.4	69.4	68.1	73.0	73.0	71.6	70.3

(Table continues on next page)

Figure 1.16a (continued)

**Lead (or presiding) director duties, by industry**

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=81	2016 n=81	2018 n=124	2016 n=116	2018 n=49	2016 n=51
Sets and approves board agenda	60.5%	54.3%	31.5%	30.2%	42.9%	45.1%
Reviews and advises on the preparation of the board agenda, but does not grant its ultimate approval	23.5	25.9	27.4	27.6	36.7	35.3
Acts as a liaison between non-executive directors and the CEO/board chairman and management	75.3	71.6	72.6	72.6	67.3	64.7
Calls and/or chairs regular board meetings	64.2	63.0	57.3	57.3	57.1	56.9
Calls and/or chairs executive sessions of the board	67.9	70.4	71.0	71.0	73.5	74.5
Calls and/or chairs special board meetings	12.3	13.6	8.1	8.1	22.4	19.6
Serves as chair of the nominating/governance committee	1.2	3.7	4.0	4.3	6.1	5.9
Leads the annual CEO performance evaluation process	6.2	9.9	7.3	6.0	10.2	7.8
Leads the board assessment process	8.6	11.1	7.3	6.9	12.2	11.8
Recommends advisers and consultants to the board	19.8	18.5	15.3	13.8	12.2	7.8
Serves as chair of shareholder meetings	9.9	8.6	4.8	6.0	8.2	7.8
Serves as spokesperson for the board on governance or other matters with external audiences	3.7	3.7	5.6	4.3	0.0	0.0
Other	76.5	76.5	75.8	72.4	75.5	80.4

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.16b

### Lead (or presiding) director duties, by company size

Percentage of total

	ANNUAL REVENUE							
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion	
	2018 n=477	2016 n=441	2018 n=452	2016 n=426	2018 n=129	2016 n=118	2018 n=90	2016 n=94
Sets and approves board agenda	33.1%	32.9%	42.3%	38.7%	34.9%	40.7%	56.7%	56.4%
Reviews and advises on the preparation of the board agenda, but does not grant its ultimate approval	25.6	26.3	32.1	33.3	34.1	33.9	30.0	34.0
Acts as a liaison between non-executive directors and the CEO/board chairman and management	59.5	59.2	70.8	70.9	71.3	72.9	84.4	80.9
Calls and/or chairs regular board meetings	45.7	47.8	57.1	54.2	65.1	68.6	63.3	68.1
Calls and/or chairs executive sessions of the board	63.1	62.1	63.9	62.2	72.1	74.6	67.8	73.4
Calls and/or chairs special board meetings	5.5	5.9	11.3	11.7	13.2	11.9	15.6	13.8
Serves as chair of the nominating/governance committee	1.3	1.1	3.5	4.2	4.7	2.5	5.6	7.4
Leads the annual CEO performance evaluation process	6.1	7.5	12.6	12.4	10.9	11.9	11.1	10.6
Leads the board assessment process	3.1	2.7	7.7	7.7	12.4	13.6	11.1	13.8
Recommends advisers and consultants to the board	12.2	14.7	17.5	15.0	16.3	19.5	21.1	17.0
Serves as chair of shareholder meetings	4.2	5.4	10.4	10.1	10.1	9.3	8.9	8.5
Serves as spokesperson for the board on governance or other matters with external audiences	2.3	2.0	0.7	0.7	1.6	1.7	1.1	1.1
Other	76.3	75.7	71.2	70.7	72.1	75.4	65.6	63.8

	ANNUAL REVENUE				ASSET VALUE			
	\$20 billion and over		Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=110	2016 n=98	2018 n=271	2016 n=256	2018 n=98	2016 n=88	2018 n=36	2016 n=32
Sets and approves board agenda	69.1%	70.4%	28.0%	28.9%	33.7%	33.0%	55.6%	53.1%
Reviews and advises on the preparation of the board agenda, but does not grant its ultimate approval	21.8	20.4	28.4	25.8	30.6	31.8	33.3	37.5
Acts as a liaison between non-executive directors and the CEO/board chairman and management	80.0	81.6	68.3	67.2	74.5	76.1	77.8	78.1
Calls and/or chairs regular board meetings	81.8	80.6	45.8	45.7	60.2	56.8	72.2	68.8
Calls and/or chairs executive sessions of the board	84.5	88.8	72.3	71.1	68.4	70.5	80.6	81.3
Calls and/or chairs special board meetings	10.9	14.3	5.2	6.6	10.2	10.2	19.4	28.1
Serves as chair of the nominating/governance committee	1.8	1.0	4.8	4.3	3.1	3.4	0.0	0.0
Leads the annual CEO performance evaluation process	24.5	25.5	8.9	9.0	13.3	13.6	44.4	46.9
Leads the board assessment process	21.8	25.5	5.5	5.1	12.2	12.5	33.3	31.3
Recommends advisers and consultants to the board	15.5	12.2	14.4	12.1	13.3	21.6	33.3	21.9
Serves as chair of shareholder meetings	9.1	10.2	3.7	5.5	10.2	9.1	8.3	6.3
Serves as spokesperson for the board on governance or other matters with external audiences	1.8	3.1	2.6	2.3	6.1	5.7	0.0	0.0
Other	67.3	69.4	74.2	72.7	75.5	69.3	61.1	62.5

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.17

**Full-board performance assessment, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=492	2018 n=2,854	2016 n=2,752
Twice a year or more frequently	0.4%	0.4%	0.3%	0.3%
Annual	95.3	94.9	79.6	77.0
Every 2 years	0.4	0.4	0.3	0.3
Every 3 years	0.0	0.0	0.2	0.1
Less frequently than every 3 years	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	2.0	2.0	5.8	5.2
Not disclosed	1.8	2.2	13.8	17.2

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.17a

**Full-board performance assessment, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=107	2018 n=342	2016 n=336	2018 n=107	2016 n=105	2018 n=167	2016 n=156
Twice a year or more frequently	0.0	0.0	0.3%	0.3%	0.0	0.0	0.0	0.0
Annual	75.2%	73.8%	85.1	81.8	74.8%	71.4%	86.2%	84.0%
Every 2 years	0.0	0.0	0.3	0.3	0.9	1.0	0.0	0.0
Every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	8.3	6.5	2.6	1.8	4.7	4.8	1.2	1.3
Not disclosed	16.5	19.6	11.7	15.8	19.6	22.9	12.6	14.7

	Financials		Health care		Industrials		Information technology	
	2018 n=527	2016 n=511	2018 n=432	2016 n=400	2018 n=396	2016 n=389	2018 n=375	2016 n=360
Twice a year or more frequently	0.2%	0.2%	0.5%	0.5%	0.0	0.0	1.1%	0.8%
Annual	71.9	69.3	67.1	64.8	85.6%	82.8%	79.2	76.4
Every 2 years	0.2	0.2	0.5	0.5	0.0	0.0	1.1	1.1
Every 3 years	0.4	0.4	0.0	0.0	0.3	0.0	0.3	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	5.9	6.3	13.9	12.0	3.0	3.1	7.5	5.6
Not disclosed	21.4	23.7	18.1	22.3	11.1	14.1	10.9	16.1

	Materials		Real estate		Utilities	
	2018 n=132	2016 n=127	2018 n=189	2016 n=183	2018 n=78	2016 n=78
Twice a year or more frequently	0.0	0.0	0.0	0.0	0.0	0.0
Annual	90.2%	85.8%	96.3%	93.4%	88.5%	87.2%
Every 2 years	0.0	0.0	0.0	0.0	0.0	0.0
Every 3 years	0.8	0.8	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	3.0	3.9	1.6	1.6	3.8	2.6
Not disclosed	6.1	9.4	2.1	4.9	7.7	10.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.17b

**Full-board performance assessment, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,002	2016 n=994	2018 n=696	2016 n=663	2018 n=189	2016 n=172	2018 n=128	2016 n=122	2018 n=123	2016 n=107
Twice a year or more frequently	0.4%	0.4%	0.1%	0.0	0.0	0.0	0.0	0.8%	1.6%	0.9%
Annual	67.5	64.5	88.2	86.1%	94.2%	94.2%	96.9%	95.1	96.7	96.3
Every 2 years	0.5	0.5	0.1	0.3	0.5	0.0	0.0	0.0	0.8	0.9
Every 3 years	0.1	0.0	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	10.6	9.0	2.9	2.1	2.1	1.7	0.8	0.0	0.8	0.9
Not disclosed	21.0	25.7	8.3	11.3	3.2	4.1	2.3	4.1	0.0	0.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=516	2018 n=155	2016 n=141	2018 n=42	2016 n=37
Twice a year or more frequently	0.2%	0.2%	0.0	0.0	0.0	0.0
Annual	72.3	69.8	92.9%	90.8%	100.0%	100.0%
Every 2 years	0.2	0.2	0.0	0.0	0.0	0.0
Every 3 years	0.2	0.2	0.6	0.7	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	6.2	6.0	1.3	2.8	0.0	0.0
Not disclosed	21.0	23.6	5.2	5.7	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.



## BOARD ORGANIZATION

Figure 1.18

**Full-board performance assessment type, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=485	2016 n=479	2018 n=2,454	2016 n=2,272
Written questionnaire	3.7%	2.9%	1.7%	1.4%
In-person interview	2.3	1.7	0.7	0.4
Facilitated board discussion	0.6	0.8	0.1	0.2
Skill matrix or similar tool	0.2	0.2	0.0	0.0
Peer-to-peer evaluation	0.2	0.6	0.4	0.5
Self evaluation	80.6	78.3	79.9	78.6
Other	1.0	1.0	0.6	0.5
Not disclosed	17.1	19.2	19.1	20.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.18a

**Full-board performance assessment type, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=90	2016 n=85	2018 n=302	2016 n=283	2018 n=86	2016 n=81	2018 n=146	2016 n=132
Written questionnaire	2.2%	2.4%	1.3%	1.1%	1.2%	1.2%	4.8%	4.5%
In-person interview	0.0	0.0	1.7	1.1	1.2	1.2	0.0	0.0
Facilitated board discussion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.3	0.4	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.0	0.0	0.7	0.7	0.0	0.0	0.0	0.0
Self evaluation	86.7	88.2	84.8	83.0	81.4	80.2	73.3	72.0
Other	0.0	0.0	0.3	0.4	0.0	0.0	2.7	2.7
Not disclosed	13.3	11.8	14.6	15.9	18.6	19.8	23.3	23.3

	Financials		Health care		Industrials		Information technology	
	2018 n=412	2016 n=388	2018 n=351	2016 n=310	2018 n=352	2016 n=333	2018 n=334	2016 n=301
Written questionnaire	1.7%	1.0%	0.3%	0.0	1.4%	1.5%	2.1%	2.3%
In-person interview	0.5	0.0	0.0	0.0	0.3	0.3	0.9	1.0
Facilitated board discussion	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.5	0.8	0.9	1.0%	0.3	0.6	0.3	0.3
Self evaluation	77.9	77.8	77.8	76.8	80.4	77.8	75.7	74.8
Other	0.7	0.8	0.0	0.0	1.1	0.9	0.0	0.0
Not disclosed	20.9	21.1	21.9	23.2	17.9	20.1	23.1	23.9

	Materials		Real estate		Utilities	
	2018 n=124	2016 n=115	2018 n=185	2016 n=174	2018 n=72	2016 n=70
Written questionnaire	1.6%	0.9%	1.6%	1.1%	2.8%	1.4%
In-person interview	0.8	0.0	0.0	0.0	4.2	1.4
Facilitated board discussion	0.0	0.0	0.0	0.0	1.4	2.9
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.8	0.9	0.0	0.0	0.0	0.0
Self evaluation	84.7	83.5	85.9	85.9	76.4	64.3
Other	0.0	0.0	0.0	0.0	2.8	2.9
Not disclosed	15.3	16.5	14.1	13.2	19.4	31.4

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.18b

**Full-board performance assessment type, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=788	2016 n=737	2018 n=638	2016 n=586	2018 n=183	2016 n=165	2018 n=125	2016 n=116	2018 n=123	2016 n=106
Written questionnaire	1.0%	0.8%	1.3%	1.5%	1.6%	1.8%	4.0%	2.6%	5.7%	4.7%
In-person interview	0.3	0.0	0.6	0.5	1.1	1.2	2.4	0.9	2.4	2.8
Facilitated board discussion	0.0	0.0	0.2	0.2	0.0	1.2	1.6	0.9	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.9
Peer-to-peer evaluation	0.6	0.9	0.3	0.0	0.5	0.6	0.0	0.0	0.0	0.9
Self evaluation	76.1	75.4	83.2	81.4	82.0	76.4	78.4	76.7	82.1	80.2
Other	0.4	0.4	0.6	0.3	1.1	0.0	1.6	3.4	0.0	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=408	2016 n=392	2018 n=147	2016 n=133	2018 n=42	2016 n=37
Written questionnaire	1.7%	1.3%	1.4%	0.8%	2.4%	0.0
In-person interview	0.2	0.0	0.0	0.0	2.4	0.0
Facilitated board discussion	0.0	0.0	0.0	0.0	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.5	0.5	0.0	0.8	0.0	0.0
Self evaluation	78.7	79.3	84.4	83.5	83.3	83.8%
Other	0.2	0.3	1.4	1.5	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.19

**Committee-level performance assessment, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=492	2018 n=2,854	2016 n=2,752
Annual	92.5%	91.5%	76.8%	73.6%
Every 2 years	0.4	0.4	0.2	0.3
Every 3 years	0.0	0.0	0.1	0.1
Less frequently than every 3 years	0.0	0.0	0.1	0.1
Disclosure about assessment, but not its frequency	2.0	2.4	4.7	4.3
Not disclosed	4.7	5.1	17.8	21.4
Yes, biannually (twice a year)	0.4	0.6	0.2	0.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.19a

**Committee-level performance assessment, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=107	2018 n=342	2016 n=336	2018 n=107	2016 n=105	2018 n=167	2016 n=156
Annual	69.7%	66.4%	83.0%	79.2%	75.7%	72.4%	85.6%	80.8%
Every 2 years	0.0	0.0	0.0	0.0	0.9	1.0	0.0	0.0
Every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.9	0.9	0.3	0.3	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	5.5	4.7	2.0	1.2	1.9	1.9	1.2	1.9
Not disclosed	23.9	28.0	14.3	19.0	20.6	23.8	13.2	17.3
Yes, biannually (twice a year)	0.0	0.0	0.3	0.3	0.9	1.0	0.0	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=527	2016 n=511	2018 n=432	2016 n=400	2018 n=396	2016 n=389	2018 n=375	2016 n=360
Annual	69.1%	66.9%	64.8%	63.3%	81.8%	78.7%	75.5%	70.8%
Every 2 years	0.2	0.2	0.5	0.5	0.0	0.0	0.5	0.6
Every 3 years	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.2	0.3	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	4.0	4.3	11.6	9.8	3.0	3.1	6.7	5.3
Not disclosed	26.0	27.8	22.7	26.0	15.2	18.3	17.1	23.1
Yes, biannually (twice a year)	0.4	0.4	0.2	0.3	0.0	0.0	0.3	0.3

	Materials		Real estate		Utilities	
	2018 n=132	2016 n=127	2018 n=189	2016 n=183	2018 n=78	2016 n=78
Annual	90.2%	85.8%	90.5%	86.9%	85.9%	80.8%
Every 2 years	0.8	0.8	0.0	0.0	0.0	0.0
Every 3 years	0.0	0.0	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	2.3	3.1	2.6	3.3	2.6	1.3
Not disclosed	6.1	9.4	6.9	9.8	11.5	17.9
Yes, biannually (twice a year)	0.8	0.8	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.19b

**Committee-level performance assessment, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,002	2016 n=994	2018 n=696	2016 n=663	2018 n=189	2016 n=172	2018 n=128	2016 n=122	2018 n=123	2016 n=107
Annual	66.4%	62.7%	84.8%	80.8%	91.0%	92.4%	93.8%	91.8%	89.4%	88.8%
Every 2 years	0.3	0.3	0.3	0.5	0.5	0.0	0.0	0.0	0.0	0.0
Every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	8.1	6.9	3.0	2.1	2.1	1.7	1.6	0.8	0.8	1.9
Not disclosed	25.0	29.7	11.6	16.4	5.8	5.2	4.7	6.6	8.1	8.4
Yes, biannually (twice a year)	0.1	0.2	0.1	0.0	0.5	0.6	0.0	0.8	1.6	0.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=516	2018 n=155	2016 n=141	2018 n=42	2016 n=37
Annual	68.6%	66.1%	89.0%	87.9%	97.6%	97.3%
Every 2 years	0.2	0.2	0.0	0.0	0.0	0.0
Every 3 years	0.2	0.2	0.6	0.7	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	4.6	4.7	1.3	2.8	0.0	0.0
Not disclosed	26.0	28.5	9.0	8.5	2.4	2.7
Yes, biannually (twice a year)	0.4	0.4	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.20

**Committee-level performance assessment type, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=471	2016 n=466	2018 n=2,339	2016 n=2,156
Written questionnaire	3.0%	2.4%	1.2%	1.1%
In-person interview	1.9	1.3	0.6	0.3
Facilitated board discussion	0.8	1.1	0.2	0.2
Skill matrix or similar tool	0.2	0.2	0.0	0.0
Peer-to-peer evaluation	0.0	0.0	0.4	0.5
Self evaluation	82.6	80.9	83.0	82.4
Other	0.6	0.6	0.3	0.3
Not disclosed	14.9	16.5	16.2	16.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.20a

**Committee-level performance assessment type, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=83	2016 n=77	2018 n=293	2016 n=272	2018 n=85	2016 n=80	2018 n=145	2016 n=129
Written questionnaire	1.2%	1.3%	1.0%	0.7%	1.2%	1.3%	2.8%	3.1%
In-person interview	0.0	0.0	1.7	1.1	1.2	1.3	0.0	0.0
Facilitated board discussion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.3	0.4	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.0	0.0	0.7	0.7	0.0	0.0	0.0	0.0
Self evaluation	89.2	88.3	85.7	85.3	84.7	85.0	79.3	78.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.4
Not disclosed	10.8	11.7	14.0	14.0	15.3	16.3	19.3	19.3

	Financials		Health care		Industrials		Information technology	
	2018 n=386	2016 n=366	2018 n=332	2016 n=295	2018 n=336	2016 n=318	2018 n=310	2016 n=275
Written questionnaire	1.3%	1.1%	0.0%	0.0	1.5%	1.3%	1.6%	1.8%
In-person interview	0.3	0.0	0.0	0.0	0.0	0.0	0.6	0.7
Facilitated board discussion	0.3	0.3	0.0	0.0	0.3	0.3	0.3	0.4
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.8	0.8	0.9	1.0%	0.3	0.3	0.3	0.4
Self evaluation	83.7	83.3	80.4	80.0	83.9	81.8	77.1	76.7
Other	0.5	0.3	0.0	0.0	0.6	0.3	0.3	0.4
Not disclosed	15.0	16.1	19.6	20.0	15.2	17.3	21.6	21.5

	Materials		Real estate		Utilities	
	2018 n=124	2016 n=115	2018 n=176	2016 n=165	2018 n=69	2016 n=64
Written questionnaire	1.6%	0.9%	1.1%	0.6%	1.4%	0.0
In-person interview	0.8	0.0	0.0	0.0	4.3	1.6%
Facilitated board discussion	0.0	0.0	0.0	0.0	1.4	3.1
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.0	0.0	0.0	0.0	0.0	0.0
Self evaluation	88.7	87.8	87.5	87.5	79.7	73.4
Other	0.0	0.0	0.0	0.0	1.4	1.6
Not disclosed	11.3	12.2	12.5	10.9	15.9	21.9

Source: The Conference Board/ESGAUGE, 2019.



Figure 1.20b

**Committee-level performance assessment type, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=750	2016 n=697	2018 n=614	2016 n=553	2018 n=178	2016 n=163	2018 n=122	2016 n=114	2018 n=113	2016 n=98
Written questionnaire	0.7%	0.6%	0.8%	1.1%	1.7%	1.2%	2.5%	0.9%	5.3%	5.1%
In-person interview	0.1	0.0	0.5	0.2	1.1	1.2	2.5	0.9	2.7	3.1
Facilitated board discussion	0.0	0.0	0.2	0.2	0.0	1.2	1.6	0.9	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.0
Peer-to-peer evaluation	0.7	1.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self evaluation	80.0	79.9	85.8	85.0	81.5	78.5	81.1	77.2	83.2	82.7
Other	0.1	0.1	0.5	0.4	1.1	0.0	0.0	1.8	0.0	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=380	2016 n=366	2018 n=141	2016 n=129	2018 n=41	2016 n=36
Written questionnaire	1.3%	1.1%	1.4%	0.8%	0.0	0.0
In-person interview	0.3	0.0	0.0	0.0	0.0	0.0
Facilitated board discussion	0.0	0.0	0.0	0.0	2.4%	2.8%
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.8	0.8	0.0	0.0	0.0	0.0
Self evaluation	83.4	83.9	87.2	85.3	90.2	97.2
Other	0.3	0.0	0.7	0.8	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.21

**Individual director performance assessment, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=492	2018 n=2,854	2016 n=2,752
Annual	29.4%	26.5%	14.2%	13.2%
Every 2 years	0.6	0.4	0.2	0.1
Every 3 years	0.4	0.4	0.2	0.2
Less frequently than every 3 years	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	7.9	7.1	3.3	3.1
Not disclosed	61.3	65.2	82.0	83.2
Yes, biannually (twice a year)	0.4	0.4	0.1	0.1

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.21a

**Individual director performance assessment, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=107	2018 n=342	2016 n=336	2018 n=107	2016 n=105	2018 n=167	2016 n=156
Annual	13.8%	14.0%	15.8%	14.6%	18.7%	16.2%	10.2%	9.0%
Every 2 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	2.8	2.8	2.6	2.1	4.7	5.7	3.0	3.8
Not disclosed	83.5	83.2	81.3	83.0	75.7	77.1	86.8	87.2
Yes, biannually (twice a year)	0.0	0.0	0.3	0.3	0.9	1.0	0.0	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=527	2016 n=511	2018 n=432	2016 n=400	2018 n=396	2016 n=389	2018 n=375	2016 n=360
Annual	13.1%	11.8%	9.3%	9.5%	14.6%	13.9%	18.1%	16.3%
Every 2 years	0.2	0.0	0.0	0.0	0.3	0.3	0.8	0.8
Every 3 years	0.2	0.2	0.9	0.8	0.5	0.5	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	3.4	2.7	4.4	3.8	3.0	3.6	3.5	3.0
Not disclosed	83.1	85.3	85.2	85.8	81.3	81.5	77.7	79.8
Yes, biannually (twice a year)	0.0	0.0	0.2	0.3	0.3	0.3	0.0	0.0

	Materials		Real estate		Utilities	
	2018 n=132	2016 n=127	2018 n=189	2016 n=183	2018 n=78	2016 n=78
Annual	16.7%	16.7%	12.2%	10.4%	23.1%	21.8%
Every 2 years	0.0	0.0	0.0	0.0	0.0	0.0
Every 3 years	0.0	0.0	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	3.0	3.2	1.6	1.6	5.1	3.8
Not disclosed	80.3	80.2	86.2	87.9	71.8	74.4
Yes, biannually (twice a year)	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.21b

**Individual director performance assessment, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,002	2016 n=994	2018 n=696	2016 n=663	2018 n=189	2016 n=172	2018 n=128	2016 n=122	2018 n=123	2016 n=107
Annual	8.9%	8.8%	14.5%	14.2%	25.9%	20.5%	27.3%	27.9%	30.9%	30.8%
Every 2 years	0.2	0.2	0.1	0.3	0.5	0.0	0.0	0.0	0.0	0.0
Every 3 years	0.3	0.2	0.1	0.2	0.5	1.2	0.0	0.0	0.8	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	2.6	2.1	3.4	3.8	3.7	2.9	4.7	6.6	8.9	9.3
Not disclosed	88.0	88.5	81.6	81.6	68.8	74.9	68.0	64.8	57.7	58.9
Yes, biannually (twice a year)	0.0	0.1	0.1	0.0	0.5	0.6	0.0	0.8	1.6	0.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=516	2018 n=155	2016 n=141	2018 n=42	2016 n=37
Annual	11.0%	9.7%	14.9%	14.4%	28.6%	24.3%
Every 2 years	0.0	0.0	0.0	0.0	2.4	0.0
Every 3 years	0.2	0.2	0.0	0.0	0.0	0.0
Less frequently than every 3 years	0.0	0.0	0.0	0.0	0.0	0.0
Disclosure about assessment, but not its frequency	2.3	2.1	5.2	3.6	2.4	2.7
Not disclosed	86.5	88.0	79.9	82.0	66.7	73.0
Yes, biannually (twice a year)	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.22

**Individual director performance assessment type, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=143	2016 n=138	2018 n=460	2016 n=425
Written questionnaire	7.0%	5.8%	3.5%	2.8%
In-person interview	7.0	8.0	3.0	3.5
Facilitated board discussion	0.7	0.7	0.2	0.2
Skill matrix or similar tool	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	8.4	9.4	6.1	6.6
Self evaluation	28.0	26.1	36.5	34.4
Other	1.4	1.4	1.3	1.2
Not disclosed	53.8	53.6	54.1	55.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.22a

**Individual director performance assessment type, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=16	2016 n=16	2018 n=59	2016 n=54	2018 n=23	2016 n=22	2018 n=18	2016 n=15
Written questionnaire	12.5%	12.5%	3.4%	1.9%	4.3%	0.0%	5.6%	6.7%
In-person interview	0.0	6.3	1.7	1.9	0.0	0.0	0.0	0.0
Facilitated board discussion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	0.0	0.0	10.2	11.1	13.0	13.6	0.0	0.0
Self evaluation	68.8	68.8	27.1	25.9	30.4	31.8	16.7	20.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	11.1	11.1
Not disclosed	25.0	18.8	62.7	63.0	52.2	54.5	72.2	72.2

	Financials		Health care		Industrials		Information technology	
	2018 n=78	2016 n=71	2018 n=58	2016 n=53	2018 n=68	2016 n=65	2018 n=77	2016 n=68
Written questionnaire	6.4%	4.2%	5.2%	5.7%	1.5%	1.5%	1.3%	1.5%
In-person interview	2.6	2.8	1.7	1.9	2.9	3.1	5.2	7.4
Facilitated board discussion	0.0	0.0	0.0	0.0	1.5	1.5	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	6.4	5.6	3.4	3.8	7.4	7.7	1.3	1.5
Self evaluation	39.7	35.2	36.2	34.0	27.9	24.6	54.5	50.0
Other	1.3	1.4	0.0	0.0	4.4	3.1	0.0	0.0
Not disclosed	53.8	57.7	56.9	58.5	58.8	61.5	40.3	42.6

	Materials		Real estate		Utilities	
	2018 n=23	2016 n=25	2018 n=22	2016 n=20	2018 n=18	2016 n=16
Written questionnaire	0.0	0.0	0.0	0.0	0.0	0.0
In-person interview	8.7%	4.0%	0.0	0.0	11.1%	12.5%
Facilitated board discussion	0.0	0.0	0.0	0.0	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	8.7	12.0	4.5%	4.5%	16.7	18.8
Self evaluation	34.8	32.0	31.8	31.8	16.7	18.8
Other	0.0	0.0	0.0	0.0	0.0	0.0
Not disclosed	56.5	60.0	63.6	60.0	55.6	50.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.22b

**Individual director performance assessment type, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=119	2016 n=113	2018 n=115	2016 n=113	2018 n=50	2016 n=36	2018 n=33	2016 n=36	2018 n=43	2016 n=36
Written questionnaire	0.8%	0.0	2.6%	2.7%	4.0%	8.3%	3.0%	0.0	9.3%	8.3%
In-person interview	0.8	0.0	1.7	5.3	6.0	5.6	15.2	11.1%	2.3	2.8
Facilitated board discussion	0.0	0.0	0.0	0.0	0.0	0.0	3.0	2.8	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	2.5	3.5%	7.8	7.1	10.0	16.7	6.1	5.6	7.0	8.3
Self evaluation	45.4	46.0	35.7	28.3	24.0	19.4	24.2	30.6	34.9	33.3
Other	1.7	1.8	1.7	0.9	2.0	0.0	0.0	2.8	0.0	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=65	2016 n=60	2018 n=24	2016 n=22	2018 n=11	2016 n=9
Written questionnaire	3.1%	0.0	8.3%	9.1%	9.1%	11.1%
In-person interview	0.0	0.0	0.0	0.0	18.2	22.2
Facilitated board discussion	0.0	0.0	0.0	0.0	0.0	0.0
Skill matrix or similar tool	0.0	0.0	0.0	0.0	0.0	0.0
Peer-to-peer evaluation	6.2	6.7%	8.3	4.5	0.0	0.0
Self evaluation	36.9	33.3	45.8	45.5	27.3	22.2
Other	0.0	0.0	4.2	4.5	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## BOARD ORGANIZATION

Figure 1.23

**Independent third-party assessor, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=492	2018 n=2,854	2016 n=2,752
The company hires an independent third-party assessor	7.7%	7.3%	3.4%	3.1%
The company does not hire an independent third-party assessor	23.7	22.8	19.7	19.3
Not disclosed	68.6	69.9	76.9	77.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 1.23a

**Independent third-party assessor, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=107	2018 n=342	2016 n=336	2018 n=107	2016 n=105	2018 n=167	2016 n=156
The company hires an independent third-party assessor	0.9%	1.9%	3.5%	3.3%	4.7%	4.8%	3.0%	2.6%
The company does not hire an independent third-party assessor	20.2	20.6	20.2	19.0	25.2	22.9	19.2	17.9
Not disclosed	78.9	77.6	76.3	77.7	70.1	72.4	77.8	79.5

	Financials		Health care		Industrials		Information technology	
	2018 n=527	2016 n=511	2018 n=432	2016 n=400	2018 n=396	2016 n=389	2018 n=375	2016 n=360
The company hires an independent third-party assessor	4.7%	4.1%	2.3%	2.0%	2.3%	2.1%	3.5%	3.1%
The company does not hire an independent third-party assessor	19.9	20.4	16.2	17.3	21.7	22.1	16.3	14.7
Not disclosed	75.3	75.5	81.5	80.8	76.0	75.8	80.3	82.2

	Materials		Real estate		Utilities	
	2018 n=132	2016 n=127	2018 n=189	2016 n=183	2018 n=78	2016 n=78
The company hires an independent third-party assessor	3.0%	2.4%	3.7%	2.7%	7.7%	7.7%
The company does not hire an independent third-party assessor	22.0	18.1	23.8	23.0	19.2	21.8
Not disclosed	75.0	79.5	72.5	74.3	73.1	70.5

Source: The Conference Board/ESGAUGE, 2019.



Figure 1.23b

**Independent third-party assessor, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,002	2016 n=994	2018 n=696	2016 n=663	2018 n=189	2016 n=172	2018 n=128	2016 n=122	2018 n=123	2016 n=107
The company hires an independent third-party assessor	1.0%	0.7%	3.3%	3.3%	4.8%	4.7%	7.0%	4.9%	11.4%	14.0%
The company does not hire an independent third-party assessor	14.7	15.5	22.1	19.9	21.2	20.3	24.2	23.0	31.7	34.6
Not disclosed	84.3	83.8	74.6	76.8	74.1	75.0	68.8	72.1	56.9	51.4

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=516	2018 n=155	2016 n=141	2018 n=42	2016 n=37
The company hires an independent third-party assessor	3.1%	2.5%	8.4%	7.8%	7.1%	5.4%
The company does not hire an independent third-party assessor	19.1	19.2	22.6	22.7	38.1	40.5
Not disclosed	77.8	78.3	69.0	69.5	54.8	54.1

Source: The Conference Board/ESGAUGE, 2019.

# Part 2

## DIRECTOR PROFILE

Figure 2.1

**Director age, by index**

Years of age, percentage of total

	S&P 500		Russell 3000	
	2018 n=5,789	2016 n=5,624	2018 n=27,033	2016 n=25,402
<b>Mean</b>	<b>63.4</b>	<b>63.3</b>	<b>62.5</b>	<b>62.2</b>
<b>Median</b>	<b>64.0</b>	<b>64.0</b>	<b>63.0</b>	<b>63.0</b>
Less than 30	0.0	0.0	0.0	0.0
30-35	0.1%	0.2%	0.3%	0.3%
36-40	0.4	0.4	1.0	1.1
41-45	1.4	1.4	2.5	2.9
46-50	4.4	3.9	6.1	6.2
51-55	9.4	10.9	11.7	12.5
56-60	19.7	19.5	18.9	18.6
61-65	23.3	21.1	20.9	19.6
66-70	21.8	22.8	18.7	19.6
71-75	14.6	15.2	13.3	12.9
76-80	3.5	3.3	4.5	4.3
More than 80	1.4	1.2	2.0	1.8

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.1a  
**Director age, by industry**  
 Years of age, percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=1,086	2016 n=1,002	2018 n=3,224	2016 n=3,048	2018 n=1,088	2016 n=1,048	2018 n=1,468	2016 n=1,367
<b>Mean</b>	<b>60.8</b>	<b>60.4</b>	<b>61.6</b>	<b>61.3</b>	<b>62.7</b>	<b>62.5</b>	<b>62.4</b>	<b>62.9</b>
<b>Median</b>	<b>60.0</b>	<b>60.0</b>	<b>62.0</b>	<b>62.0</b>	<b>63.0</b>	<b>63.0</b>	<b>64.0</b>	<b>64.0</b>
Less than 30	0.1%	0.4%	0.0	0.0	0.0	0.0	0.0	0.0
30-35	0.5	0.6	0.5%	0.5%	0.4%	0.4%	1.2%	0.7%
36-40	1.9	2.0	1.6	1.6	1.3	1.2	1.7	1.8
41-45	4.2	5.3	3.3	4.0	2.8	3.8	3.4	2.3
46-50	10.5	9.6	7.0	7.4	5.6	4.1	6.3	4.2
51-55	13.4	14.3	13.3	13.8	10.8	11.6	7.8	8.7
56-60	21.2	20.5	19.5	18.1	19.4	20.0	16.4	16.9
61-65	16.4	15.7	19.5	19.4	20.2	19.0	22.7	23.8
66-70	13.1	13.2	17.5	17.6	18.4	19.8	23.0	23.8
71-75	9.1	10.5	11.5	11.9	13.1	13.3	12.1	11.3
76-80	6.0	5.2	4.3	3.8	6.1	4.8	3.5	4.3
More than 80	3.6	2.9	2.0	1.9	1.9	2.0	2.1	2.0

	Financials		Health care		Industrials		Information technology	
	2018 n=5,655	2016 n=5,445	2018 n=3,797	2016 n=3,440	2018 n=3,776	2016 n=3,568	2018 n=3,225	2016 n=2,991
<b>Mean</b>	<b>63.7</b>	<b>63.2</b>	<b>61.8</b>	<b>61.1</b>	<b>62.8</b>	<b>62.9</b>	<b>61.3</b>	<b>61.0</b>
<b>Median</b>	<b>64.0</b>	<b>64.0</b>	<b>62.0</b>	<b>61.0</b>	<b>63.0</b>	<b>63.0</b>	<b>61.0</b>	<b>61.0</b>
Less than 30	0.0	0.1%	0.0	0.0	0.0	0.0	0.0	0.0
30-35	0.2%	0.2	0.2%	0.2%	0.4%	0.3%	0.3%	0.3%
36-40	0.6	0.7	0.7	1.3	1.1	1.0	1.1	1.3
41-45	1.8	2.0	2.9	3.8	2.0	2.1	2.8	3.3
46-50	4.5	5.0	7.8	8.6	5.0	4.5	7.8	8.6
51-55	10.3	11.6	13.5	13.8	11.3	12.1	14.8	14.9
56-60	17.4	17.6	19.2	19.4	18.2	18.5	20.4	19.7
61-65	21.5	20.4	21.4	19.4	22.0	20.0	20.0	18.3
66-70	21.6	21.8	16.8	16.7	19.6	20.9	15.9	16.9
71-75	15.1	13.8	11.5	11.4	14.3	14.4	11.3	11.4
76-80	4.8	4.4	4.1	4.1	4.5	4.6	4.2	3.9
More than 80	2.3	2.3	1.8	1.3	1.5	1.5	1.5	1.5

(Table continues on next page)

Figure 2.1a (continued)  
**Director age, by industry**  
 Years of age, percentage of total

	Materials		Real estate		Utilities	
	2018 n=1,277	2016 n=1,224	2018 n=1,623	2016 n=1,482	2018 n=814	2016 n=787
<b>Mean</b>	<b>63.4</b>	<b>63.2</b>	<b>63.4</b>	<b>63.5</b>	<b>63.9</b>	<b>63.4</b>
<b>Median</b>	<b>64.0</b>	<b>64.0</b>	<b>63.0</b>	<b>64.0</b>	<b>65.0</b>	<b>64.0</b>
Less than 30	0.0	0.0	0.1%	0.0	0.0	0.0
30-35	0.2%	0.2%	0.2	0.3%	0.0	0.0
36-40	0.6	0.7	0.7	0.9	0.2%	0.5%
41-45	1.5	1.9	2.5	2.2	1.0	1.5
46-50	3.1	3.8	5.7	5.5	3.7	3.7
51-55	9.8	10.0	10.7	13.0	8.8	8.8
56-60	19.2	20.0	21.6	18.2	17.2	18.0
61-65	24.0	21.4	17.1	15.5	24.0	24.0
66-70	20.8	22.8	15.1	19.5	24.7	24.8
71-75	16.4	14.5	15.7	14.5	17.8	17.2
76-80	3.4	4.0	6.9	6.9	2.3	1.3
More than 80	0.9	0.7	3.7	3.6	0.2	0.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.1b

**Director age, by company size**

Years of age, percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=7,947	2016 n=7,721	2018 n=6,719	2016 n=6,216	2018 n=2,037	2016 n=1,824	2018 n=1,507	2016 n=1,398	2018 n=1,545	2016 n=1,316
<b>Mean</b>	<b>61.3</b>	<b>61.0</b>	<b>62.4</b>	<b>62.2</b>	<b>62.8</b>	<b>62.5</b>	<b>63.2</b>	<b>63.5</b>	<b>63.1</b>	<b>63.1</b>
<b>Median</b>	<b>61.0</b>	<b>61.0</b>	<b>63.0</b>	<b>63.0</b>	<b>63.0</b>	<b>63.0</b>	<b>63.0</b>	<b>64.0</b>	<b>63.0</b>	<b>63.0</b>
Less than 30	0.0	0.1%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30-35	0.5%	0.4	0.4%	0.4%	0.2%	0.3%	0.0	0.4%	0.3%	0.1%
36-40	1.4	1.7	1.2	1.3	0.9	0.8	0.6%	0.2	0.3	0.6
41-45	3.4	4.2	2.6	3.0	2.0	2.2	1.8	1.3	1.5	1.4
46-50	8.6	8.8	5.6	5.6	5.0	4.9	5.0	3.6	4.5	3.3
51-55	14.4	14.3	11.4	11.6	11.2	12.0	9.7	11.3	9.1	11.5
56-60	18.6	18.6	19.2	19.4	19.4	18.8	20.3	18.2	19.4	20.4
61-65	19.6	18.1	21.5	20.4	21.6	20.8	21.8	22.1	24.3	22.1
66-70	15.8	16.2	18.9	19.9	20.0	21.5	21.2	22.7	22.5	22.9
71-75	10.9	11.0	13.2	13.0	14.1	14.7	14.7	15.2	14.4	13.9
76-80	4.6	4.8	4.4	4.0	4.3	3.2	3.1	3.4	3.2	3.0
More than 80	2.2	2.0	1.5	1.4	1.3	0.7	1.8	1.5	0.7	0.9

**ASSET VALUE**

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=4,955	2016 n=4,809	2018 n=1,750	2016 n=1,608	2018 n=573	2016 n=510
<b>Mean</b>	<b>63.3</b>	<b>62.9</b>	<b>64.4</b>	<b>63.9</b>	<b>64.6</b>	<b>64.5</b>
<b>Median</b>	<b>63.0</b>	<b>63.0</b>	<b>65.0</b>	<b>64.0</b>	<b>65.0</b>	<b>65.0</b>
Less than 30	0.1%	0.1%	0.0	0.0	0.0	0.0
30-35	0.3	0.2	0.1%	0.2%	0.0	0.2%
36-40	0.7	0.9	0.5	0.3	0.2%	0.4
41-45	2.3	2.4	1.2	1.6	1.0	0.4
46-50	5.5	5.7	3.2	4.2	2.6	2.0
51-55	11.0	12.6	9.8	11.3	7.0	7.5
56-60	18.4	17.6	18.6	17.2	17.3	20.0
61-65	20.1	18.9	20.1	19.9	25.3	22.0
66-70	19.1	20.5	21.4	22.3	25.3	26.3
71-75	14.5	13.2	17.1	15.1	15.9	17.6
76-80	5.3	5.1	5.4	5.3	3.8	2.4
More than 80	2.8	2.7	2.6	2.5	1.6	1.4

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.2

**Director gender, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=5,794	2016 n=5,625	2018 n=27,135	2016 n=25,438
Female directors	22.5%	19.3%	16.4%	14.1%
Male directors	77.5	80.7	83.6	85.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.2a

**Director gender, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=1,087	2016 n=1,002	2018 n=3,235	2016 n=3,058	2018 n=1,090	2016 n=1,048	2018 n=1,479	2016 n=1,368
Female directors	18.7%	16.7%	20.2%	17.0%	20.1%	18.2%	10.7%	8.0%
Male directors	81.3	83.3	79.8	83.0	79.9	81.8	89.3	92.0

	Financials		Health care		Industrials		Information technology	
	2018 n=5,692	2016 n=5,452	2018 n=3,809	2016 n=3,454	2018 n=3,777	2016 n=3,569	2018 n=3,233	2016 n=2,994
Female directors	15.8%	13.8%	15.6%	13.8%	15.7%	13.3%	14.7%	12.2%
Male directors	84.2	86.2	84.4	86.2	84.3	86.7	85.3	87.8

	Materials		Real estate		Utilities	
	2018 n=1,284	2016 n=1,224	2018 n=1,625	2016 n=1,482	2018 n=824	2016 n=787
Female directors	16.5%	14.0%	16.8%	12.5%	22.7%	20.7%
Male directors	83.5	86.0	83.2	87.5	77.3	79.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.2b

**Director gender, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=7,986	2016 n=7,740	2018 n=6,740	2016 n=6,226	2018 n=2,038	2016 n=1,824	2018 n=1,507	2016 n=1,398	2018 n=1,547	2016 n=1,316
Female directors	12.8%	10.8%	17.3%	14.9%	19.8%	17.1%	21.4%	19.4%	24.1%	21.9%
Male directors	87.2	89.2	82.7	85.1	80.2	82.9	78.6	80.6	75.9	78.1
<b>Gender diversity rate of change</b>	<b>18.5</b>		<b>16.1</b>		<b>15.8</b>		<b>10.3</b>		<b>10.0</b>	

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=4,983	2016 n=4,816	2018 n=1,759	2016 n=1,608	2018 n=575	2016 n=510
Female directors	14.6%	11.9%	16.9%	15.4%	25.7%	23.1%
Male directors	85.4	88.1	83.1	84.6	74.3	76.9
<b>Gender diversity rate of change</b>	<b>22.7</b>		<b>9.7</b>		<b>11.3</b>	

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.3

**Number of female directors, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018	2016	2018	2016
Boards with:	n=493	n=486	n=2,819	n=2,686
No female director	1.2%	3.3%	19.7%	27.1%
One female director	15.0	24.5	32.6	34.0
Two female directors	31.8	37.2	27.3	24.6
Three female directors	30.2	20.2	12.8	9.0
Four female directors	15.0	10.9	5.7	3.8
More than four female directors	6.7	3.9	1.9	1.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.3a

**Number of female directors, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018	2016	2018	2016	2018	2016	2018	2016
Boards with:	n=108	n=103	n=339	n=326	n=105	n=102	n=163	n=152
No female director	17.6%	22.3%	12.7%	21.2%	16.2%	21.6%	35.6%	49.3%
One female director	27.8	27.2	28.9	31.6	23.8	23.5	39.9	33.6
Two female directors	25.0	26.2	29.2	27.6	23.8	25.5	18.4	13.2
Three female directors	13.0	16.5	15.9	10.4	18.1	13.7	4.3	3.3
Four female directors	13.9	5.8	10.0	5.2	8.6	10.8	1.8	0.7
More than four female directors	2.8	1.9	3.2	4.0	9.5	4.9	0.0	0.0
	Financials		Health care		Industrials		Information technology	
	2018	2016	2018	2016	2018	2016	2018	2016
Boards with:	n=522	n=505	n=425	n=395	n=393	n=379	n=367	n=347
No female director	16.7%	21.2%	23.3%	29.9%	21.1%	26.6%	24.3%	34.9%
One female director	31.6	35.6	36.0	35.7	30.8	36.1	37.6	35.4
Two female directors	27.6	25.0	25.4	23.8	31.0	25.6	26.7	22.2
Three female directors	14.8	11.1	9.4	6.1	12.0	8.7	8.4	5.5
Four female directors	6.9	5.3	5.4	3.8	3.8	2.4	1.9	1.4
More than four female directors	2.5	1.8	0.5	0.8	1.3	0.5	1.1	0.6
	Materials		Real estate		Utilities			
	2018	2016	2018	2016	2018	2016		
Boards with:	n=131	n=123	n=188	n=178	n=78	n=76		
No female director	17.6%	22.8%	16.5%	31.5%	7.7%	9.2%		
One female director	30.5	32.5	41.0	41.6	10.3	17.1		
Two female directors	29.8	30.9	26.1	19.7	37.2	39.5		
Three female directors	16.8	10.6	14.4	6.2	29.5	22.4		
Four female directors	4.6	3.3	1.6	1.1	11.5	7.9		
More than four female directors	0.8	0.0	0.5	0.0	3.8	3.9		

Source: The Conference Board/ESGAUGE, 2019.



Figure 2.3b

**Number of female directors, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018	2016	2018	2016	2018	2016	2018	2016	2018	2016
Boards with:	n=973	n=962	n=696	n=648	n=189	n=168	n=128	n=119	n=123	n=106
No female director	33.6%	42.9%	13.8%	20.1%	5.8%	9.5%	1.6%	2.5%	0.8%	1.9%
One female director	38.6	34.3	32.8	37.5	22.2	28.6	16.4	23.5	8.9	10.4
Two female directors	20.2	17.0	33.3	28.7	41.8	38.7	33.6	39.5	21.1	34.9
Three female directors	4.8	4.5	13.8	8.6	15.9	14.9	28.9	18.5	38.2	28.3
Four female directors	2.3	0.8	4.7	3.5	11.1	6.5	16.4	11.8	19.5	17.0
More than four female directors	0.4	0.4	1.6	1.5	3.2	1.8	3.1	4.2	11.4	7.5

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018	2016	2018	2016	2018	2016
Boards with:	n=514	n=507	n=154	n=139	n=42	n=37
No female director	19.6%	30.4%	10.4%	6.5%	2.4%	0.0
One female director	38.9	40.0	26.6	35.3	2.4	5.4%
Two female directors	27.6	19.3	30.5	39.6	9.5	21.6
Three female directors	9.3	6.9	25.3	12.9	40.5	37.8
Four female directors	3.5	2.8	5.8	4.3	28.6	24.3
More than four female directors	1.0	0.6	1.3	1.4	16.7	10.8

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.4

**Board chair gender, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=491	2016 n=478	2018 n=2,753	2016 n=2,574
Female board chairs	4.3%	3.6%	4.1%	3.4%
Male board chairs	95.7	96.4	95.9	96.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.4a

**Board chair gender, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=105	2016 n=103	2018 n=335	2016 n=320	2018 n=104	2016 n=97	2018 n=161	2016 n=147
Female board chair	5.7%	4.9%	6.3%	5.3%	7.7%	8.2%	1.2%	0.0
Male board chair	94.3	95.1	93.7	94.7	92.3	91.8	98.8	100.0%

	Financials		Health care		Industrials		Information technology	
	2018 n=506	2016 n=489	2018 n=406	2016 n=363	2018 n=388	2016 n=367	2018 n=357	2016 n=330
Female board chair	3.6%	3.1%	4.4%	3.9%	3.4%	3.3%	2.2%	2.1%
Male board chair	96.4	96.9	95.6	96.1	96.6	96.7	97.8	97.9

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=118	2018 n=182	2016 n=166	2018 n=79	2016 n=74
Female board chair	6.9%	1.7%	3.3%	1.8%	6.3%	5.4%
Male board chair	93.1	98.3	96.7	98.2	93.7	94.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.4b

**Board chair gender, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=937	2016 n=899	2018 n=691	2016 n=632	2018 n=186	2016 n=167	2018 n=128	2016 n=118	2018 n=123	2016 n=103
Female board chairs	4.2%	3.9%	4.3%	2.7%	4.8%	3.6%	0.8%	2.5%	8.9%	7.8%
Male board chairs	95.8	96.1	95.7	97.3	95.2	96.4	99.2	97.5	91.1	92.2

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=499	2016 n=484	2018 n=148	2016 n=134	2018 n=41	2016 n=37
Female directors	3.2%	2.7%	4.1%	3.7%	4.9%	0.0
Male directors	96.8	97.3	95.9	96.3	95.1	100.0%

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.5

**Board committee chair gender, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=2,224	2016 n=2,174	2018 n=11,078	2016 n=10,446
Female board committee chairs	17.9%	15.4%	13.5%	11.8%
Male board committee chairs	82.1	84.6	86.5	88.2

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.5a

**Board committee chair gender, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=401	2016 n=388	2018 n=1,297	2016 n=1,272	2018 n=390	2016 n=390	2018 n=603	2016 n=594
Female board committee chairs	14.7%	11.9%	15.0%	13.4%	17.7%	13.3%	7.8%	6.6%
Male board committee chairs	85.3	88.1	85.0	86.6	82.3	86.7	92.2	93.4

	Financials		Health care		Industrials		Information technology	
	2018 n=2,166	2016 n=2,041	2018 n=1,627	2016 n=1,463	2018 n=1,568	2016 n=1,513	2018 n=1,392	2016 n=1,280
Female board committee chairs	13.9%	12.6%	13.2%	12.5%	12.4%	10.8%	12.2%	10.8%
Male board committee chairs	86.1	87.4	86.8	87.5	87.6	89.2	87.8	89.2

	Materials		Real estate		Utilities	
	2018 n=553	2016 n=512	2018 n=729	2016 n=655	2018 n=352	2016 n=338
Female board committee chairs	14.6%	11.1%	13.6%	10.2%	19.6%	18.3%
Male board committee chairs	85.4	88.9	86.4	89.8	80.4	81.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.5b

**Board committee chair gender, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=3,522	2016 n=3,409	2018 n=2,746	2016 n=2,581	2018 n=760	2016 n=731	2018 n=585	2016 n=548	2018 n=570	2016 n=481
Female board committee chairs	10.3%	9.7%	13.9%	11.7%	18.3%	15.2%	17.4%	14.1%	19.5%	18.7%
Male board committee chairs	89.7	90.3	86.1	88.3	81.7	84.8	82.6	85.9	80.5	81.3

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=2,017	2016 n=1,915	2018 n=658	2016 n=599	2018 n=220	2016 n=182
Female board committee chairs	12.6%	11.1%	14.7%	13.5%	21.8%	16.5%
Male board committee chairs	87.4	88.9	85.3	86.5	78.2	83.5

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.6

**Director tenure, by index**

Number of years, percentage of total

	S&P 500		Russell 3000	
	2018 n=352	2016 n=344	2018 n=1,524	2016 n=1,393
<b>Mean</b>	<b>11.3</b>	<b>12.2</b>	<b>10.4</b>	<b>10.4</b>
<b>Median</b>	<b>11.0</b>	<b>11.3</b>	<b>8.9</b>	<b>9.1</b>
Less than 6 years	26.4%	22.1%	35.9%	35.3%
6 years	4.0	3.2	5.6	4.6
7 years	3.1	4.9	4.9	4.4
8 years	6.3	5.8	3.9	5.5
9 years	5.4	5.2	4.7	5.1
10 years	4.8	6.7	5.4	4.7
11-15 years	23.3	22.4	15.5	17.2
More than 15 years	26.7	29.7	24.1	23.3

Note: For the purpose of this report, only departing directors are considered in the calculation of director tenure.

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.6a

**Director tenure, by industry**

Number of years, percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=63	2016 n=47	2018 n=189	2016 n=163	2018 n=48	2016 n=70	2018 n=111	2016 n=94
<b>Mean</b>	<b>8.6</b>	<b>9.3</b>	<b>10.1</b>	<b>10.2</b>	<b>11.1</b>	<b>12.5</b>	<b>10.5</b>	<b>9.9</b>
<b>Median</b>	<b>7.3</b>	<b>8.6</b>	<b>7.8</b>	<b>9.3</b>	<b>10.4</b>	<b>10.1</b>	<b>8.2</b>	<b>8.5</b>
Less than 6 years	38.1%	36.2%	39.2%	34.4%	20.8%	22.9%	35.1%	40.4%
6 years	6.3	6.4	6.3	3.7	6.3	14.3	9.0	3.2
7 years	6.3	6.4	6.3	4.3	4.2	5.7	5.4	3.2
8 years	9.5	2.1	3.2	6.7	8.3	0.0	1.8	7.4
9 years	3.2	17.0	6.9	4.9	6.3	7.1	2.7	6.4
10 years	4.8	4.3	6.3	8.0	8.3	2.9	5.4	4.3
11-15 years	17.5	12.8	10.6	18.4	25.0	17.1	18.0	12.8
More than 15 years	14.3	14.9	21.2	19.6	20.8	30.0	22.5	22.3

	Financials		Health care		Industrials		Information technology	
	2018 n=282	2016 n=268	2018 n=255	2016 n=225	2018 n=209	2016 n=184	2018 n=167	2016 n=154
<b>Mean</b>	<b>13.3</b>	<b>11.9</b>	<b>8.1</b>	<b>8.5</b>	<b>10.7</b>	<b>11.2</b>	<b>9.6</b>	<b>9.4</b>
<b>Median</b>	<b>11.4</b>	<b>9.3</b>	<b>6.4</b>	<b>5.8</b>	<b>9.8</b>	<b>9.4</b>	<b>8.4</b>	<b>8.9</b>
Less than 6 years	24.1%	33.6%	48.2%	50.7%	34.4%	32.1%	37.1%	33.1%
6 years	6.4	5.2	3.9	2.2	5.3	4.3	5.4	3.2
7 years	4.6	3.4	5.5	6.7	3.3	3.8	5.4	5.8
8 years	4.6	5.2	2.0	2.2	2.4	7.1	5.4	8.4
9 years	2.8	4.5	6.3	2.2	5.3	3.8	7.2	6.5
10 years	5.3	3.0	4.7	4.4	6.2	6.5	3.6	5.2
11-15 years	14.5	13.1	14.9	15.6	19.6	15.8	15.6	22.7
More than 15 years	37.6	32.1	14.5	16.0	23.4	26.6	20.4	14.9

	Materials		Real estate		Utilities	
	2018 n=73	2016 n=74	2018 n=84	2016 n=66	2018 n=43	2016 n=48
<b>Mean</b>	<b>10.4</b>	<b>11.6</b>	<b>11.0</b>	<b>10.8</b>	<b>9.2</b>	<b>10.0</b>
<b>Median</b>	<b>8.3</b>	<b>11.3</b>	<b>10.5</b>	<b>9.9</b>	<b>8.3</b>	<b>10.3</b>
Less than 6 years	38.4%	23.0%	36.9%	33.3%	37.2%	25.0%
6 years	4.1	1.4	6.0	6.1	2.3	10.4
7 years	4.1	1.4	1.2	3.0	7.0	2.1
8 years	6.8	6.8	2.4	4.5	4.7	8.3
9 years	4.1	8.1	0.0	3.0	0.0	4.2
10 years	4.1	6.8	8.3	1.5	4.7	2.1
11-15 years	9.6	23.0	11.9	19.7	23.3	31.3
More than 15 years	28.8	29.7	33.3	28.8	20.9	16.7

For the purpose of this report, only departing directors are considered in the calculation of director tenure.

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.6b

**Director tenure, by company size**

Number of years, percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=466	2016 n=425	2018 n=368	2016 n=366	2018 n=123	2016 n=100	2018 n=96	2016 n=90	2018 n=105	2016 n=78
<b>Mean</b>	10.1	9.8	10.8	10.6	10.6	10.9	10.4	12.0	10.5	11.8
<b>Median</b>	7.8	7.7	9.2	9.4	10.9	10.2	10.4	10.6	10.4	10.9
Less than 6 years	46.8%	45.2%	34.2%	33.9%	36.6%	21.0%	28.1%	25.6%	30.5%	25.6%
6 years	5.2	5.9	6.3	3.8	4.9	1.0	4.2	2.2	5.7	5.1
7 years	7.1	5.2	5.7	3.8	0.0	6.0	3.1	6.7	2.9	2.6
8 years	2.8	5.4	4.3	5.5	2.4	8.0	7.3	4.4	4.8	5.1
9 years	5.4	4.2	6.0	5.7	3.3	8.0	5.2	4.4	6.7	7.7
10 years	6.0	4.0	4.9	5.2	6.5	9.0	3.1	7.8	3.8	6.4
11-15 years	12.0	15.5	14.4	19.7	20.3	20.0	29.2	20.0	21.9	19.2
More than 15 years	14.8	14.6	24.2	22.4	26.0	27.0	19.8	28.9	23.8	28.2

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=231	2016 n=222	2018 n=95	2016 n=77	2018 n=40	2016 n=35
<b>Mean</b>	10.3	10.2	10.9	11.0	9.6	11.1
<b>Median</b>	8.3	8.6	10.0	9.9	10.4	9.8
Less than 6 years	24.7%	34.2%	32.6%	37.7%	27.5%	20.0%
6 years	6.9	5.4	7.4	1.3	0.0	14.3
7 years	4.3	4.1	4.2	2.6	0.0	0.0
8 years	3.5	3.6	3.2	5.2	10.0	14.3
9 years	2.6	4.1	1.1	3.9	2.5	5.7
10 years	5.6	2.3	5.3	2.6	10.0	5.7
11-15 years	13.4	13.5	12.6	14.3	20.0	20.0
More than 15 years	39.0	32.9	33.7	32.5	30.0	20.0

For the purpose of this report, only departing directors are considered in the calculation of director tenure.

Source: The Conference Board/ESGAUGE, 2019.



## DIRECTOR PROFILE

Figure 2.7

**Director qualifications and skills, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=5,748	2016 n=5,569	2018 n=27,133	2016 n=25,438
<b>CORPORATE FUNCTION:</b>				
Active CEO of another for-profit corporation	13.7%	12.2%	11.7%	11.3%
Former CEO of another for-profit corporation	22.7	22.0	19.2	18.5
Active board chair of another for-profit corporation	8.6	9.2	7.6	7.8
Former board chair of another for-profit corporation	7.1	7.8	5.3	5.4
Active president of another for-profit corporation	2.8	3.1	4.6	5.1
Former president of another for-profit corporation	3.6	3.0	4.6	4.6
Active COO of another for-profit corporation	0.5	0.3	0.5	0.4
Former COO of another for-profit corporation	1.9	1.5	1.8	1.7
Active C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	3.2	2.7	4.5	4.2
Former C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	22.6	20.5	22.3	20.3
Active executive below the C-suite of another for-profit corporation	4.8	4.2	7.4	7.2
Former executive below the C-suite of another for-profit corporation	36.5	29.3	37.8	34.1
<b>PROFESSIONAL BACKGROUND:</b>				
Background as a financial executive, CFO or treasurer	15.2	14.2	14.9	14.4
Banking and investment banking background	3.1	3.1	3.0	3.1
Investment management background	3.6	2.9	3.7	3.6
Public company accounting/auditing background	2.0	1.6	2.8	2.9
Identified as an "Audit committee financial expert" as per SEC disclosure rules	23.4	20.8	21.6	20.1
Currently practicing lawyer	2.9	2.9	3.8	3.7
Compensation consultant background	1.0	0.4	0.4	0.3
Technology background	20.2	16.7	12.1	10.5
Academic background	7.2	8.0	6.6	6.7
Non-profit management background	3.4	3.9	3.1	3.1
Former government employee	7.2	7.3	4.4	4.5
International experience	16.9	14.2	7.4	6.8

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.7a

**Director qualifications and skills, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=1,054	2016 n=1,009	2018 n=3,127	2016 n=3,083	2018 n=1,078	2016 n=1,063	2018 n=1,487	2016 n=1,369
<b>CORPORATE FUNCTION:</b>								
Active CEO of another for-profit corporation	13.1%	14.0%	12.6%	12.4%	10.9%	11.2%	10.6%	9.1%
Former CEO of another for-profit corporation	19.1	19.8	19.8	18.5	19.0	18.7	19.2	18.8
Active board chair of another for-profit corporation	9.0	8.8	7.7	7.9	8.7	9.3	8.1	9.0
Former board chair of another for-profit corporation	4.7	5.0	5.5	5.4	5.3	5.6	5.7	5.7
Active president of another for-profit corporation	4.6	5.2	4.0	4.3	3.2	4.0	4.7	5.0
Former president of another for-profit corporation	5.2	4.2	4.6	5.0	4.0	3.8	6.5	6.5
Active COO of another for-profit corporation	0.5	0.2	0.6	0.6	0.6	0.5	0.4	0.4
Former COO of another for-profit corporation	2.0	1.6	2.3	2.1	1.7	1.2	2.0	2.2
Active C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	5.8	5.4	4.5	4.1	5.5	3.7	3.4	2.9
Former C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	21.1	19.4	24.5	21.9	20.9	18.1	23.2	22.6
Active executive below the C-suite of another for-profit corporation	9.8	9.2	7.8	8.0	9.4	7.0	6.9	6.2
Former executive below the C-suite of another for-profit corporation	35.7	34.2	40.4	36.3	35.1	30.8	41.8	37.3
<b>PROFESSIONAL BACKGROUND:</b>								
Background as a financial executive, CFO or treasurer	13.5	12.6	15.0	13.7	14.8	14.3	15.9	15.0
Banking and investment banking background	1.9	2.1	2.5	2.5	3.2	3.5	2.9	2.6
Investment management background	4.8	4.6	3.6	3.3	2.1	2.8	3.9	3.4
Public company accounting/auditing background	1.7	2.5	2.5	2.7	2.2	1.9	2.6	3.9
Identified as an "Audit committee financial expert" as per SEC disclosure rules	17.9	18.4	22.6	20.5	20.0	18.4	22.3	19.4
Currently practicing lawyer	4.6	4.4	3.5	3.0	2.5	3.1	4.8	4.7
Compensation consultant background	0.4	0.1	0.4	0.3	0.5	0.7	0.2	0.3
Technology background	17.7	15.7	9.7	8.7	7.6	6.4	5.8	4.7
Academic background	6.0	5.7	5.3	5.2	6.3	6.3	4.0	4.6
Non-profit management background	2.8	2.9	3.1	2.8	2.9	2.6	2.3	2.2
Former government employee	5.0	5.0	3.0	3.0	4.9	5.2	5.3	5.5
International experience	5.1	4.9	8.1	7.0	13.6	12.6	8.1	7.1

(Table continues on next page)

Figure 2.7a (continued)

**Director qualifications and skills, by industry**

Percentage of total

	Financials		Health care		Industrials		Information technology	
	2018 n=5,715	2016 n=5,413	2018 n=3,829	2016 n=3,366	2018 n=3,816	2016 n=3,626	2018 n=3,276	2016 n=2,966
<b>CORPORATE FUNCTION:</b>								
Active CEO of another for-profit corporation	11.0%	10.2%	11.8%	11.5%	12.4%	12.1%	10.8%	10.4%
Former CEO of another for-profit corporation	13.8	13.3	20.8	19.5	21.7	21.3	23.0	22.0
Active board chair of another for-profit corporation	7.2	6.9	8.0	8.3	7.6	7.5	6.9	6.9
Former board chair of another for-profit corporation	5.5	5.8	4.4	4.8	5.3	5.3	5.1	5.1
Active president of another for-profit corporation	8.3	9.1	3.1	3.8	3.6	3.8	2.7	2.9
Former president of another for-profit corporation	4.5	4.2	4.2	4.1	4.6	4.7	4.3	4.7
Active COO of another for-profit corporation	0.5	0.4	0.4	0.3	0.4	0.4	0.6	0.5
Former COO of another for-profit corporation	1.2	1.0	2.0	2.0	1.7	1.5	2.3	1.8
Active C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	4.5	4.2	5.1	5.0	4.1	4.0	4.5	4.4
Former C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	16.5	15.3	26.6	24.2	22.2	20.5	27.3	24.4
Active executive below the C-suite of another for-profit corporation	6.6	6.4	8.0	8.8	6.9	6.8	8.1	7.3
Former executive below the C-suite of another for-profit corporation	27.2	24.4	44.1	40.7	40.0	36.1	44.8	41.4
<b>PROFESSIONAL BACKGROUND:</b>								
Background as a financial executive, CFO or treasurer	12.7	12.2	14.7	14.1	16.0	16.3	16.5	16.2
Banking and investment banking background	5.5	5.8	1.6	1.9	1.9	1.9	2.3	2.2
Investment management background	3.4	3.6	4.2	4.6	2.8	2.8	4.5	4.2
Public company accounting/auditing background	4.8	4.7	1.6	1.5	2.7	2.3	1.9	2.0
Identified as an "Audit committee financial expert" as per SEC disclosure rules	18.5	16.9	19.5	18.7	24.9	23.2	22.3	21.5
Currently practicing lawyer	6.1	5.8	2.5	2.4	3.1	3.2	2.1	2.0
Compensation consultant background	0.2	0.1	0.2	0.1	0.6	0.6	0.2	0.1
Technology background	6.2	4.4	8.4	8.3	11.8	10.3	36.9	33.2
Academic background	5.6	5.5	12.6	13.0	4.8	5.4	5.0	6.1
Non-profit management background	4.1	4.2	3.8	4.0	2.7	2.3	1.6	2.0
Former government employee	4.5	4.7	2.7	3.0	6.6	6.3	3.3	3.7
International experience	3.8	3.6	5.7	4.9	10.6	9.9	8.7	8.2

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Figure 2.7a (continued)

**Director qualifications and skills, by industry**

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=1,294	2016 n=1,240	2018 n=1,641	2016 n=1,513	2018 n=816	2016 n=790
<b>CORPORATE FUNCTION:</b>						
Active CEO of another for-profit corporation	13.5%	12.3%	12.1%	12.9%	11.0%	11.5%
Former CEO of another for-profit corporation	22.3	22.3	15.9	15.5	21.4	19.7
Active board chair of another for-profit corporation	5.8	6.3	9.2	9.3	8.5	8.9
Former board chair of another for-profit corporation	6.5	5.7	5.8	5.8	6.5	4.9
Active president of another for-profit corporation	3.2	3.4	4.6	4.8	5.3	5.7
Former president of another for-profit corporation	4.4	4.8	4.6	4.4	5.0	4.3
Active COO of another for-profit corporation	0.5	0.4	0.4	0.5	0.1	0.5
Former COO of another for-profit corporation	2.6	2.3	1.8	1.4	1.5	2.3
Active C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	4.5	3.2	4.6	4.9	3.4	2.9
Former C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	21.3	20.5	22.0	19.2	18.6	18.0
Active executive below the C-suite of another for-profit corporation	6.5	6.6	7.8	7.7	4.4	3.7
Former executive below the C-suite of another for-profit corporation	42.0	36.6	36.2	30.9	30.4	26.7
<b>PROFESSIONAL BACKGROUND:</b>						
Background as a financial executive, CFO or treasurer	17.0	16.9	15.7	15.0	14.6	14.4
Banking and investment banking background	1.9	2.2	4.0	3.2	2.6	3.0
Investment management background	2.0	2.0	5.9	5.0	4.2	1.3
Public company accounting/auditing background	2.6	2.2	3.2	3.1	3.4	2.8
Identified as an "Audit committee financial expert" as per SEC disclosure rules	24.6	22.4	25.8	23.9	22.5	23.4
Currently practicing lawyer	2.0	2.1	4.9	5.0	4.0	4.3
Compensation consultant background	1.0	0.6	0.9	0.6	2.7	1.0
Technology background	8.6	7.4	4.9	4.2	11.9	9.5
Academic background	5.5	5.3	9.6	8.6	6.9	7.1
Non-profit management background	1.7	1.6	3.4	3.4	4.7	6.8
Former government employee	3.6	3.8	4.6	4.6	9.4	9.2
International experience	16.5	14.8	3.8	3.4	3.7	3.4

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.7b

**Director qualifications and skills, by company size**

Percentage of total

**ANNUAL REVENUE**

	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion	
	2018	2016	2018	2016	2018	2016	2018	2016
<b>CORPORATE FUNCTION:</b>	n=8,146	n=7,759	n=6,670	n=6,241	n=1,982	n=1,862	n=1,526	n=1,380
Active CEO of another for-profit corporation	11.3%	11.0%	11.3%	11.6%	11.2%	10.1%	13.6%	12.9%
Former CEO of another for-profit corporation	19.9	19.2	21.2	20.0	20.1	20.0	23.2	22.4
Active board chair of another for-profit corporation	7.2	7.2	7.5	7.5	7.9	9.0	8.3	9.1
Former board chair of another for-profit corporation	4.4	4.1	5.0	5.1	6.8	7.6	7.5	8.3
Active president of another for-profit corporation	4.2	5.0	3.3	3.6	3.2	2.6	3.4	3.1
Former president of another for-profit corporation	5.5	5.5	4.2	4.5	4.7	4.3	3.7	4.0
Active COO of another for-profit corporation	0.5	0.4	0.4	0.4	0.7	0.5	0.4	0.4
Former COO of another for-profit corporation	1.7	1.5	2.6	2.5	2.1	1.8	2.0	1.4
Active C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	5.5	5.3	4.2	3.6	3.7	3.3	3.2	2.2
Former C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	26.7	24.0	21.9	20.4	22.8	20.9	22.9	19.9
Active executive below the C-suite of another for-profit corporation	9.3	9.0	7.0	7.0	6.6	5.9	4.7	4.4
Former executive below the C-suite of another for-profit corporation	43.8	41.1	41.1	37.1	39.9	33.4	35.5	28.7
<b>PROFESSIONAL BACKGROUND:</b>								
Background as a financial executive, CFO or treasurer	15.1	14.3	16.0	16.0	16.2	16.4	15.2	13.2
Banking and investment banking background	2.1	2.1	1.9	2.0	2.7	2.8	2.7	2.8
Investment management background	4.6	4.6	3.2	3.1	3.3	2.2	2.4	2.0
Public company accounting/auditing background	2.2	2.6	2.7	2.5	2.1	2.2	1.5	0.8
Identified as an "Audit committee financial expert" as per SEC disclosure rules	20.7	19.9	22.8	21.3	23.1	21.2	24.3	22.6
Currently practicing lawyer	3.5	3.3	2.7	2.6	2.1	2.6	3.1	2.6
Compensation consultant background	0.1	0.2	0.9	0.5	1.3	0.8	0.3	0.1
Technology background	12.3	11.4	13.6	12.2	15.5	12.9	16.0	12.8
Academic background	7.0	6.9	6.1	6.4	4.7	5.7	6.7	8.0
Non-profit management background	2.7	2.4	2.5	2.8	2.3	3.2	3.3	3.6
Former government employee	3.0	3.1	3.7	3.8	5.3	5.0	6.4	7.4
International experience	4.3	4.0	8.7	8.0	14.6	13.5	14.7	13.9

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Figure 2.7b (continued)

**Director qualifications and skills, by company size**

Percentage of total

	ANNUAL REVENUE				ASSET VALUE			
	\$20 billion and over		Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018	2016	2018	2016	2018	2016	2018	2016
<b>CORPORATE FUNCTION:</b>	n=1,459	n=1,272	n=5,073	n=4,872	n=1,706	n=1,569	n=571	n=483
Active CEO of another for-profit corporation	17.3%	15.5%	10.6%	10.8%	11.8%	10.3%	15.8%	12.0%
Former CEO of another for-profit corporation	24.9	25.4	13.2	12.2	14.3	15.4	24.0	24.8
Active board chair of another for-profit corporation	10.0	11.0	7.6	7.5	7.7	7.1	7.4	8.5
Former board chair of another for-profit corporation	6.2	6.0	4.8	4.7	6.8	7.7	8.6	10.4
Active president of another for-profit corporation	2.0	2.5	9.2	9.9	4.0	4.2	2.6	3.5
Former president of another for-profit corporation	2.4	1.8	4.8	4.8	4.3	3.2	3.2	2.3
Active COO of another for-profit corporation	0.9	0.4	0.5	0.4	0.6	0.4	0.2	0.2
Former COO of another for-profit corporation	1.4	1.5	1.2	1.0	1.7	1.3	1.9	1.2
Active C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	3.1	2.7	5.5	5.3	2.6	2.1	2.3	2.1
Former C-suite executive (other than CEO, board chair, president, or COO) of another for-profit corporation	21.0	20.0	16.6	15.2	18.9	18.4	24.0	19.5
Active executive below the C-suite of another for-profit corporation	5.8	4.8	8.1	7.7	4.7	4.7	2.8	2.1
Former executive below the C-suite of another for-profit corporation	32.4	28.0	27.9	25.4	30.8	26.6	35.9	27.3
<b>PROFESSIONAL BACKGROUND:</b>								
Background as a financial executive, CFO or treasurer	14.4	13.9	12.8	12.1	14.0	14.6	16.5	13.9
Banking and investment banking background	2.9	3.0	5.4	5.6	4.4	3.9	5.3	5.0
Investment management background	2.3	2.0	4.0	3.9	4.0	4.1	4.0	2.9
Public company accounting/auditing background	1.2	1.6	4.9	5.1	3.8	3.1	2.1	1.4
Identified as an "Audit committee financial expert" as per SEC disclosure rules	23.2	21.1	19.5	17.9	21.0	19.3	22.9	20.9
Currently practicing lawyer	3.2	3.5	6.6	6.5	4.2	3.7	4.0	3.9
Compensation consultant background	0.1	0.2	0.3	0.2	0.3	0.1	0.9	0.2
Technology background	26.3	23.4	4.1	3.2	7.0	5.4	18.4	12.6
Academic background	9.5	10.3	6.1	5.4	7.3	8.0	7.2	8.5
Non-profit management background	4.9	4.5	4.2	4.1	2.9	3.5	4.9	5.0
Former government employee	11.8	11.6	4.1	4.3	4.4	4.7	8.4	7.9
International experience	19.3	17.1	2.1	1.9	5.7	6.1	12.8	12.0

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.8

**First-time directors, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=487	2018 n=2,856	2016 n=2,703
<b>Mean</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Median</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
None	76.3%	76.8%	75.2%	74.3%
1 director	18.2	18.3	19.2	20.1
2 directors	4.3	2.9	4.3	4.0
3 directors	0.4	1.4	0.7	1.0
4 directors	0.4	0.2	0.4	0.3
5 directors	0.4	0.2	0.1	0.2
More than 5 directors	0.0	0.2	0.1	0.1

Source: The Conference Board/ESGAUGE, 2019.

DIRECTOR PROFILE

Figure 2.8a

**First-time directors, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=110	2016 n=104	2018 n=342	2016 n=327	2018 n=106	2016 n=103	2018 n=167	2016 n=153
<b>Mean</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>
<b>Median</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
None	74.5%	71.2%	74.6%	74.9%	76.4%	69.9%	79.0%	82.4%
1 director	20.9	23.1	18.4	20.8	16.0	27.2	14.4	14.4
2 directors	4.5	1.9	6.1	3.4	6.6	1.9	4.2	2.6
3 directors	0.0	1.9	0.3	0.9	0.0	0.0	1.2	0.7
4 directors	0.0	1.0	0.3	0.0	0.9	0.0	0.0	0.0
5 directors	0.0	1.0	0.3	0.0	0.0	1.0	0.6	0.0
More than 5 directors	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=525	2016 n=507	2018 n=430	2016 n=393	2018 n=398	2016 n=383	2018 n=376	2016 n=351
<b>Mean</b>	<b>0.5</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Median</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
None	68.6%	71.4%	80.9%	77.4%	70.9%	73.1%	77.1%	76.9%
1 director	23.0	18.9	16.5	18.1	23.4	22.7	18.9	18.8
2 directors	5.3	7.1	1.9	3.8	4.8	3.1	2.1	3.1
3 directors	1.5	1.6	0.5	0.5	1.0	0.5	0.8	0.6
4 directors	1.1	0.4	0.2	0.0	0.0	0.3	0.8	0.6
5 directors	0.2	0.2	0.0	0.3	0.0	0.3	0.3	0.0
More than 5 directors	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0

	Materials		Real estate		Utilities	
	2018 n=132	2016 n=124	2018 n=191	2016 n=182	2018 n=79	2016 n=76
<b>Mean</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>
<b>Median</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
None	78.0%	71.0%	77.5%	70.3%	83.5%	78.9%
1 director	18.2	21.8	15.2	22.5	13.9	18.4
2 directors	3.8	4.8	6.8	4.4	2.5	1.3
3 directors	0.0	2.4	0.5	1.6	0.0	1.3
4 directors	0.0	0.0	0.0	0.5	0.0	0.0
5 directors	0.0	0.0	0.0	0.0	0.0	0.0
More than 5 directors	0.0	0.0	0.0	0.5	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.



Figure 2.8b

**First-time directors, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=999	2016 n=971	2018 n=701	2016 n=649	2018 n=189	2016 n=169	2018 n=128	2016 n=119	2018 n=123	2016 n=106
<b>Mean</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
<b>Median</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
None	78.4%	78.0%	74.2%	70.6%	78.8%	76.3%	72.7%	82.4%	76.4%	72.6%
1 director	17.3	18.3	20.8	23.9	16.4	20.7	21.9	14.3	15.4	20.8
2 directors	3.2	2.8	3.9	4.2	4.2	2.4	4.7	1.7	7.3	3.8
3 directors	0.6	0.7	0.9	0.6	0.0	0.6	0.0	1.7	0.0	1.9
4 directors	0.2	0.1	0.3	0.5	0.5	0.0	0.0	0.0	0.8	0.0
5 directors	0.2	0.1	0.0	0.3	0.0	0.0	0.8	0.0	0.0	0.9
More than 5 directors	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=513	2018 n=155	2016 n=139	2018 n=42	2016 n=37
<b>Mean</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.8</b>
<b>Median</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
None	71.9%	72.1%	67.1%	70.5%	73.8%	59.5%
1 director	20.8	19.9	23.9	18.0	11.9	27.0
2 directors	5.6	6.2	5.2	7.2	9.5	5.4
3 directors	0.8	1.2	2.6	2.2	2.4	5.4
4 directors	1.0	0.4	0.6	0.7	0.0	0.0
5 directors	0.0	0.0	0.0	0.7	2.4	0.0
More than 5 directors	0.0	0.2	0.6	0.7	0.0	2.7

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.9

**Director independence, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=5,794	2016 n=5,625	2018 n=27,142	2016 n=25,444
Independent director	85.5%	84.4%	80.6%	80.1%
Non-independent director	14.5	15.6	19.4	19.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.9a

**Director independence, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=1,087	2016 n=1,002	2018 n=3,235	2016 n=3,058	2018 n=1,090	2016 n=1,048	2018 n=1,479	2016 n=1,368
Independent director	74.6%	72.8%	78.7%	77.9%	76.4%	77.3%	79.3%	80.6%
Non-independent director	25.4	27.2	21.3	22.1	23.6	22.7	20.7	19.4

	Financials		Health care		Industrials		Information technology	
	2018 n=5,699	2016 n=5,452	2018 n=3,809	2016 n=3,454	2018 n=3,777	2016 n=3,575	2018 n=3,233	2016 n=2,994
Independent director	81.1%	79.9%	81.8%	81.4%	81.8%	81.6%	81.1%	81.7%
Non-independent director	18.9	20.1	18.2	18.6	18.2	18.4	18.9	18.3

	Materials		Real estate		Utilities	
	2018 n=1,284	2016 n=1,224	2018 n=1,625	2016 n=1,482	2018 n=824	2016 n=787
Independent director	84.2%	82.9%	78.8%	77.7%	84.0%	85.3%
Non-independent director	15.8	17.1	21.2	22.3	16.0	14.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.9b

**Director independence, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018	2016	2018	2016	2018	2016	2018	2016	2018	2016
	n=7,986	n=7,746	n=6,740	n=6,226	n=2,038	n=1,824	n=1,507	n=1,398	n=1,547	n=1,316
Independent director	78.8%	78.9%	80.2%	79.7%	82.2%	82.8%	83.7%	83.4%	86.0%	86.2%
Non-independent director	21.2	21.1	19.8	20.3	17.8	17.2	16.3	16.6	14.0	13.8

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018	2016	2018	2016	2018	2016
	n=4,983	n=4,816	n=1,766	n=1,608	n=575	n=510
Independent director	80.1%	79.2%	79.7%	77.3%	87.7%	88.2%
Non-independent director	19.9	20.8	20.3	22.7	12.3	11.8

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.10

**Employee directors, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=5,794	2016 n=5,625	2018 n=27,142	2016 n=25,444
Outside director (non employee)	88.6%	88.4%	86.4%	86.5%
CEO	8.8	8.6	10.4	10.2
CFO	0.1	0.2	0.2	0.3
Chief Legal Officer/General Counsel	0.0	0.0	0.0	0.0
Chief Marketing Officer	0.0	0.0	0.0	0.0
Chief Information Officer	0.0	0.0	0.0	0.0
Chief Technology Officer	0.1	0.1	0.1	0.1
Chief Risk Officer	0.0	0.0	0.0	0.0
Other employee	2.4	2.8	2.9	3.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.10a

**Employee directors, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018	2016	2018	2016	2018	2016	2018	2016
	n=1,087	n=1,002	n=3,235	n=3,058	n=1,090	n=1,048	n=1,479	n=1,368
Outside director (non employee)	85.4%	85.9%	85.4%	85.6%	85.7%	85.8%	85.8%	86.5%
CEO	9.8	9.9	10.7	10.2	9.3	9.3	11.6	10.5
CFO	0.1	0.1	0.3	0.2	0.8	0.9	0.3	0.1
Chief Legal Officer/General Counsel	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Chief Marketing Officer	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Chief Information Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chief Technology Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Chief Risk Officer	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other employee	4.8	4.0	3.5	3.9	4.1	4.0	2.2	2.9

	Financials		Health care		Industrials		Information technology	
	2018	2016	2018	2016	2018	2016	2018	2016
	n=5,699	n=5,452	n=3,809	n=3,454	n=3,777	n=3,575	n=3,233	n=2,994
Outside director (non employee)	87.2%	87.1%	86.6%	86.3%	87.3%	87.2%	85.2%	85.8%
CEO	9.2	9.0	11.1	11.0	10.3	10.3	11.9	11.2
CFO	0.2	0.3	0.2	0.3	0.2	0.2	0.1	0.2
Chief Legal Officer/General Counsel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chief Marketing Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chief Information Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chief Technology Officer	0.0	0.0	0.0	0.1	0.0	0.0	0.4	0.4
Chief Risk Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other employee	3.4	3.5	2.1	2.3	2.2	2.2	2.3	2.5

	Materials		Real estate		Utilities	
	2018	2016	2018	2016	2018	2016
	n=1,284	n=1,224	n=1,625	n=1,482	n=824	n=787
Outside director (non employee)	88.7%	88.1%	84.0%	83.9%	88.5%	89.2%
CEO	9.9	10.2	11.1	10.9	9.7	9.4
CFO	0.0	0.1	0.4	0.3	0.2	0.1
Chief Legal Officer/General Counsel	0.0	0.0	0.0	0.0	0.0	0.0
Chief Marketing Officer	0.0	0.0	0.0	0.0	0.0	0.0
Chief Information Officer	0.0	0.0	0.0	0.0	0.0	0.0
Chief Technology Officer	0.0	0.0	0.0	0.0	0.0	0.0
Chief Risk Officer	0.0	0.0	0.0	0.0	0.0	0.0
Other employee	1.4	1.6	4.5	4.9	1.6	1.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.10b

**Employee directors, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=7,986	2016 n=7,746	2018 n=6,740	2016 n=6,226	2018 n=2,038	2016 n=1,824	2018 n=1,507	2016 n=1,398	2018 n=1,547	2016 n=1,316
Outside director (non employee)	84.8%	85.1%	86.5%	86.7%	88.3%	88.2%	88.5%	87.7%	89.1%	89.7%
CEO	12.1	11.9	10.6	10.1	9.4	9.2	8.3	8.2	8.5	8.0
CFO	0.3	0.3	0.3	0.3	0.0	0.1	0.3	0.3	0.1	0.2
Chief Legal Officer/ General Counsel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chief Marketing Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chief Information Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chief Technology Officer	0.1	0.2	0.1	0.0	0.0	0.1	0.1	0.0	0.1	0.1
Chief Risk Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other employee	2.7	2.6	2.5	2.8	2.3	2.5	2.8	3.9	2.3	2.1

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=4,983	2016 n=4,816	2018 n=1,766	2016 n=1,608	2018 n=575	2016 n=510
Outside director (non employee)	85.8%	85.8%	87.1%	86.9%	90.1%	91.0%
CEO	10.1	10.0	8.7	8.6	7.8	6.9
CFO	0.3	0.3	0.3	0.4	0.0	0.0
Chief Legal Officer/ General Counsel	0.0	0.0	0.0	0.0	0.0	0.0
Chief Marketing Officer	0.0	0.0	0.0	0.0	0.0	0.0
Chief Information Officer	0.0	0.0	0.0	0.0	0.0	0.0
Chief Technology Officer	0.0	0.0	0.0	0.0	0.0	0.0
Chief Risk Officer	0.0	0.0	0.0	0.0	0.0	0.0
Other employee	3.7	3.9	4.0	4.0	2.1	2.2

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.11

**Former-employee directors, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=5,794	2016 n=5,625	2018 n=27,142	2016 n=25,444
Director was a former employee of the company	2.5%	2.1%	2.6%	2.3%
Director was not a former employee of the company	97.5	97.9	97.4	97.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.11a

**Former-employee directors, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=1,087	2016 n=1,002	2018 n=3,235	2016 n=3,058	2018 n=1,090	2016 n=1,048	2018 n=1,479	2016 n=1,368
Director was a former employee of the company	2.5%	2.8%	3.2%	2.7%	3.7%	3.6%	2.0%	2.0%
Director was not a former employee of the company	97.5	97.2	96.8	97.3	96.3	96.4	98.0	98.0

	Financials		Health care		Industrials		Information technology	
	2018 n=5,699	2016 n=5,452	2018 n=3,809	2016 n=3,454	2018 n=3,777	2016 n=3,575	2018 n=3,233	2016 n=2,994
Director was a former employee of the company	2.1%	2.0%	2.3%	1.8%	2.9%	3.0%	3.1%	2.7%
Director was not a former employee of the company	97.9	98.0	97.7	98.2	97.1	97.0	96.9	97.3

	Materials		Real estate		Utilities	
	2018 n=1,284	2016 n=1,224	2018 n=1,625	2016 n=1,482	2018 n=824	2016 n=787
Director was a former employee of the company	1.8%	2.0%	2.4%	2.0%	1.9%	1.1%
Director was not a former employee of the company	98.2	98.0	97.6	98.0	98.1	98.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.11b

**Former-employee directors, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=7,986	2016 n=7,746	2018 n=6,740	2016 n=6,226	2018 n=2,038	2016 n=1,824	2018 n=1,507	2016 n=1,398	2018 n=1,547	2016 n=1,316
Director was a former employee of the company	2.3%	2.1%	3.1%	3.2%	3.0%	2.9%	4.0%	1.6%	1.4%	1.5%
Director was not a former employee of the company	97.7	97.9	96.9	96.8	97.0	97.1	96.0	98.4	98.6	98.5

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=4,983	2016 n=4,816	2018 n=1,766	2016 n=1,608	2018 n=575	2016 n=510
Director was a former employee of the company	2.1%	1.9%	2.6%	2.6%	1.6%	0.8%
Director was not a former employee of the company	97.9	98.1	97.4	97.4	98.4	99.2

Source: The Conference Board/ESGAUGE, 2019.



## DIRECTOR PROFILE

Figure 2.12

**Family relationship with employees, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=5,794	2016 n=5,625	2018 n=27,142	2016 n=25,444
Director is a family member of an employee of the company	1.0%	1.4%	1.5%	1.8%
Director not a family member of an employee of the company	99.0	98.6	98.5	98.2

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.12a

**Family relationship with employees, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=1,087	2016 n=1,002	2018 n=3,235	2016 n=3,058	2018 n=1,090	2016 n=1,048	2018 n=1,479	2016 n=1,368
Director is a family member of an employee of the company	5.0%	6.4%	1.9%	2.6%	3.8%	3.3%	0.3%	0.4%
Director not a family member of an employee of the company	95.0	93.6	98.1	97.4	96.2	96.7	99.7	99.6

	Financials		Health care		Industrials		Information technology	
	2018 n=5,699	2016 n=5,452	2018 n=3,809	2016 n=3,454	2018 n=3,777	2016 n=3,575	2018 n=3,233	2016 n=2,994
Director is a family member of an employee of the company	1.4%	1.7%	0.7%	0.8%	1.5%	1.9%	1.0%	0.9%
Director not a family member of an employee of the company	98.6	98.3	99.3	99.2	98.5	98.1	99.0	99.1

	Materials		Real estate		Utilities	
	2018 n=1,284	2016 n=1,224	2018 n=1,625	2016 n=1,482	2018 n=824	2016 n=787
Director is a family member of an employee of the company	1.9%	2.0%	1.9%	2.2%	0.0	0.0
Director not a family member of an employee of the company	98.1	98.0	98.1	97.8	100.0%	100.0%

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.12b

**Family relationship with employees, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=7,986	2016 n=7,746	2018 n=6,740	2016 n=6,226	2018 n=2,038	2016 n=1,824	2018 n=1,507	2016 n=1,398	2018 n=1,547	2016 n=1,316
Director is a family member of an employee of the company	0.8%	1.0%	2.1%	2.7%	2.4%	2.2%	2.3%	2.5%	0.7%	0.7%
Director not a family member of an employee of the company	99.2	99.0	97.9	97.3	97.6	97.8	97.7	97.5	99.3	99.3

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=4,983	2016 n=4,816	2018 n=1,766	2016 n=1,608	2018 n=575	2016 n=510
Director is a family member of an employee of the company	1.4%	1.5%	2.2%	2.5%	0.9%	1.8%
Director not a family member of an employee of the company	98.6	98.5	97.8	97.5	99.1	98.2

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR PROFILE

Figure 2.13

**Relationship with firms providing professional services to the company, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=5,794	2016 n=5,625	2018 n=27,142	2016 n=25,444
The director is a member or employee of a firm providing professional services to the company	1.1%	0.9%	0.7%	0.7%
The director is not a member or employee of a firm providing professional services to the company	98.9	99.1	99.3	99.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.13a

**Relationship with firms providing professional services to the company, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=1,087	2016 n=1,002	2018 n=3,235	2016 n=3,058	2018 n=1,090	2016 n=1,048	2018 n=1,479	2016 n=1,368
The director is a member or employee of a firm providing professional services to the company	0.4%	1.6%	0.7%	1.0%	2.6%	0.7%	0.4%	0.3%
The director is not a member or employee of a firm providing professional services to the company	99.6	98.4	99.3	99.0	97.4	99.3	99.6	99.7

	Financials		Health care		Industrials		Information technology	
	2018 n=5,699	2016 n=5,452	2018 n=3,809	2016 n=3,454	2018 n=3,777	2016 n=3,575	2018 n=3,233	2016 n=2,994
The director is a member or employee of a firm providing professional services to the company	0.6%	0.5%	0.4%	0.6%	0.7%	1.0%	1.1%	0.6%
The director is not a member or employee of a firm providing professional services to the company	99.4	99.5	99.6	99.4	99.3	99.0	98.9	99.4

	Materials		Real estate		Utilities	
	2018 n=1,284	2016 n=1,224	2018 n=1,625	2016 n=1,482	2018 n=824	2016 n=787
The director is a member or employee of a firm providing professional services to the company	0.6%	0.3%	0.1%	0.3%	1.6%	0.1%
The director is not a member or employee of a firm providing professional services to the company	99.4	99.7	99.9	99.7	98.4	99.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 2.13b

**Relationship with firms providing professional services to the company, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=7,986	2016 n=7,746	2018 n=6,740	2016 n=6,226	2018 n=2,038	2016 n=1,824	2018 n=1,507	2016 n=1,398	2018 n=1,547	2016 n=1,316
The director is a member or employee of a firm providing professional services to the company	0.5%	0.5%	0.4%	0.5%	1.3%	1.0%	2.7%	1.9%	1.5%	1.6%
The director is not a member or employee of a firm providing professional services to the company	99.5	99.5	99.6	99.5	98.7	99.0	97.3	98.1	98.5	98.4

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=4,983	2016 n=4,816	2018 n=1,766	2016 n=1,608	2018 n=575	2016 n=510
The director is a member or employee of a firm providing professional services to the company	0.5%	0.4%	0.6%	0.4%	0.3%	0.6%
The director is not a member or employee of a firm providing professional services to the company	99.5	99.6	99.4	99.6	99.7	99.4

Source: The Conference Board/ESGAUGE, 2019.

## Part 3

## DIRECTOR ELECTION AND REMOVAL

Figure 3.1

**Classified boards, by index**

Percentage of total

	<b>S&amp;P 500</b> n=494	<b>Russell 3000</b> n=2,854
Classified board	13.0%	42.7%
All directors are elected annually	87.0	57.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.1a

**Classified boards, by industry**

Percentage of total

	<b>Communication services</b> n=109	<b>Consumer discretionary</b> n=342	<b>Consumer staples</b> n=107	<b>Energy</b> n=167
Classified board	40.4%	39.5%	29.0%	34.7%
All directors are elected annually	59.6	60.5	71.0	65.3
	<b>Financials</b> n=526	<b>Health care</b> n=432	<b>Industrials</b> n=396	<b>Information technology</b> n=376
Classified board	44.1%	59.3%	41.4%	45.7%
All directors are elected annually	55.9	40.7	58.6	54.3
	<b>Materials</b> n=132	<b>Real estate</b> n=189	<b>Utilities</b> n=78	
Classified board	45.5%	21.7%	32.1%	
All directors are elected annually	54.5	78.3	67.9	

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.1b

**Classified boards, by company size**

Percentage of total

	ANNUAL REVENUE				
	Under \$1 billion n=1,002	\$1 billion to \$4.9 billion n=697	\$5 billion to \$9.9 billion n=189	\$10 billion to \$19.9 billion n=128	\$20 billion and over n=123
Classified board	57.9%	42.0%	24.9%	12.5%	7.3%
All directors are elected annually	42.1	58.0	75.1	87.5	92.7

	ASSET VALUE		
	Under \$10 billion n=519	\$10 billion to \$99 billion n=154	\$100 billion and over n=42
Classified board	44.1%	26.0%	9.5%
All directors are elected annually	55.9	74.0	90.5

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.2

**Voting standard for director election, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,849	2016 n=2,654
Simple plurality voting	6.7%	7.8%	47.0%	50.7%
"Plurality plus" board rejectable resignation	2.4	3.9	4.5	4.2
Traditional majority voting	15.7	15.6	14.9	13.5
Majority voting with board rejectable resignation	70.7	68.6	31.1	29.4
Consequential majority voting	4.5	4.1	2.5	2.2

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.2a

**Voting standard for director election, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=108	2016 n=102	2018 n=339	2016 n=320	2018 n=107	2016 n=102	2018 n=167	2016 n=151
Simple plurality voting	63.9%	65.7%	44.5%	50.0%	49.5%	51.0%	43.7%	48.3%
"Plurality plus" board rejectable resignation	2.8	3.9	3.5	3.1	2.8	2.9	3.0	2.6
Traditional majority voting	13.0	12.7	17.1	17.2	15.0	16.7	18.0	13.2
Majority voting with board rejectable resignation	14.8	13.7	31.9	27.5	29.0	26.5	28.7	29.8
Consequential majority voting	5.6	3.9	2.9	2.2	3.7	2.9	6.6	6.0

	Financials		Health care		Industrials		Information technology	
	2018 n=526	2016 n=502	2018 n=432	2016 n=383	2018 n=397	2016 n=377	2018 n=373	2016 n=339
Simple plurality voting	54.6%	59.2%	59.5%	61.6%	40.8%	43.5%	44.8%	49.3%
"Plurality plus" board rejectable resignation	3.2	3.0	3.5	2.6	7.1	5.8	4.6	5.3
Traditional majority voting	14.6	12.7	11.1	9.4	14.6	14.6	14.7	10.9
Majority voting with board rejectable resignation	25.9	23.7	24.1	24.3	34.3	33.4	35.1	33.6
Consequential majority voting	1.7	1.4	1.9	2.1	3.3	2.7	0.8	0.9

(Table continues on next page)

## DIRECTOR ELECTION AND REMOVAL

Figure 3.2a (continued)

### Voting standard for director election, by industry

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=191	2016 n=181	2018 n=79	2016 n=75
Simple plurality voting	27.7%	32.8%	31.9%	35.4%	30.4%	33.3%
"Plurality plus" board rejectable resignation	6.2	7.4	5.8	5.5	11.4	9.3
Traditional majority voting	15.4	16.4	16.2	16.6	12.7	16.0
Majority voting with board rejectable resignation	46.9	39.3	45.0	41.4	44.3	40.0
Consequential majority voting	3.8	4.1	1.0	1.1	1.3	1.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.2b

### Voting standard for director election, by company size

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=995	2016 n=942	2018 n=699	2016 n=638	2018 n=188	2016 n=168	2018 n=127	2016 n=117	2018 n=123	2016 n=106
Simple plurality voting	67.5%	70.8%	37.3%	40.6%	17.0%	19.6%	15.0%	14.5%	6.5%	7.5%
"Plurality plus" board rejectable resignation	4.0	3.6	6.4	6.0	5.9	5.4	1.6	2.6	1.6	2.8
Traditional majority voting	13.1	10.5	16.2	15.8	16.5	16.1	12.6	17.9	15.4	16.0
Majority voting with board rejectable resignation	14.2	14.0	36.9	34.8	55.9	55.4	65.4	59.0	67.5	65.1
Consequential majority voting	1.2	1.1	3.1	2.8	4.8	3.6	5.5	6.0	8.9	8.5

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=506	2018 n=156	2016 n=140	2018 n=42	2016 n=37
Simple plurality voting	59.7%	64.8%	23.1%	22.1%	4.8%	5.4%
"Plurality plus" board rejectable resignation	3.7	3.4	5.1	5.0	2.4	2.7
Traditional majority voting	13.1	12.1	21.2	20.7	16.7	10.8
Majority voting with board rejectable resignation	22.5	18.8	48.7	50.7	69.0	75.7
Consequential majority voting	1.0	1.0	1.9	1.4	7.1	5.4

Source: The Conference Board/ESGAUGE, 2019.



## DIRECTOR ELECTION AND REMOVAL

Figure 3.3

**Authority to set (increase) the number of board seats, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=481	2018 n=2,844	2016 n=2,604
Board of directors	87.6%	86.5%	90.5%	89.5%
Shareholders	0.6	0.4	0.9	0.9
A procedure regulating the joint authority of the board and shareholders	11.8	13.1	8.5	9.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.3a

**Authority to set (increase) the number of board seats, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=108	2016 n=100	2018 n=341	2016 n=317	2018 n=107	2016 n=99	2018 n=166	2016 n=151
Board of directors	92.6%	91.0%	92.7%	91.2%	86.0%	83.8%	93.4%	92.1%
Shareholders	0.0	0.0	0.3	0.6	0.9	1.0	0.0	0.0
A procedure regulating the joint authority of the board and shareholders	7.4	9.0	7.0	8.2	13.1	15.2	6.6	7.9

	Financials		Health care		Industrials		Information technology	
	2018 n=524	2016 n=482	2018 n=431	2016 n=378	2018 n=396	2016 n=371	2018 n=373	2016 n=336
Board of directors	87.0%	86.5%	91.9%	91.0%	90.2%	89.5%	90.1%	87.8%
Shareholders	1.9	1.9	0.9	0.5	1.0	1.1	0.3	0.3
A procedure regulating the joint authority of the board and shareholders	11.1	11.6	7.2	8.5	8.8	9.4	9.7	11.9

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=120	2018 n=189	2016 n=176	2018 n=78	2016 n=74
Board of directors	86.3%	85.8%	95.8%	96.0%	92.3%	91.9%
Shareholders	2.3	1.7	0.5	0.0	2.6	2.7
A procedure regulating the joint authority of the board and shareholders	11.5	12.5	3.7	4.0	5.1	5.4

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.3b

**Authority to set (increase) the number of board seats, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=998	2016 n=928	2018 n=695	2016 n=634	2018 n=187	2016 n=162	2018 n=128	2016 n=117	2018 n=123	2016 n=105
Board of directors	91.4%	90.2%	91.5%	89.7%	89.3%	90.1%	90.6%	88.9%	86.2%	83.8%
Shareholders	0.9	0.6	0.4	0.8	2.1	1.9	0.0	0.0	0.0	0.0
A procedure regulating the joint authority of the board and shareholders	7.7	9.2	8.1	9.5	8.6	8.0	9.4	11.1	13.8	16.2

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=518	2016 n=489	2018 n=154	2016 n=133	2018 n=41	2016 n=36
Board of directors	89.2%	88.5%	89.0%	90.2%	92.7%	91.7%
Shareholders	1.4	1.2	2.6	2.3	0.0	0.0
A procedure regulating the joint authority of the board and shareholders	9.5	10.2	8.4	7.5	7.3	8.3

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.4

**Filling of newly created board seats, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=488	2016 n=479	2018 n=2,822	2016 n=2,575
Only the board of directors fills newly created board seats between scheduled elections	85.2%	85.0%	90.4%	91.0%
Only shareholders fill newly created board seats at scheduled elections	1.0	0.8	1.3	0.7
Shareholders fill a share of newly created board seats, with the other share filled by the board	4.5	4.8	3.7	3.7
A procedure regulating the joint authority of the board and shareholders	9.2	9.4	4.6	4.7

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.4a

### Filling of newly created board seats, by industry

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=107	2016 n=100	2018 n=341	2016 n=312	2018 n=107	2016 n=98	2018 n=163	2016 n=147
Only the board of directors fills newly created board seats between scheduled elections	87.9%	88.0%	93.5%	94.2%	87.9%	86.7%	95.7%	95.9%
Only shareholders fill newly created board seats at scheduled elections	1.9	1.0	1.5	0.3	3.7	5.1	0.6	0.7
Shareholders fill a share of newly created board seats, with the other share filled by the board	3.7	4.0	2.3	2.6	1.9	3.1	1.2	1.4
A procedure regulating the joint authority of the board and shareholders	6.5	7.0	2.6	2.9	6.5	5.1	2.5	2.0
	Financials		Health care		Industrials		Information technology	
	2018 n=518	2016 n=481	2018 n=427	2016 n=374	2018 n=393	2016 n=362	2018 n=370	2016 n=333
Only the board of directors fills newly created board seats between scheduled elections	90.3%	90.9%	89.2%	90.4%	90.8%	92.0%	86.5%	86.5%
Only shareholders fill newly created board seats at scheduled elections	1.5	0.8	0.9	0.5	1.8	0.3	0.5	0.3
Shareholders fill a share of newly created board seats, with the other share filled by the board	2.7	2.7	5.4	5.6	3.6	3.6	7.6	7.2
A procedure regulating the joint authority of the board and shareholders	5.4	5.6	4.4	3.5	3.8	4.1	5.4	6.0
	Materials		Real estate		Utilities			
	2018 n=129	2016 n=121	2018 n=189	2016 n=178	2018 n=78	2016 n=69		
Only the board of directors fills newly created board seats between scheduled elections	93.8%	94.2%	94.2%	94.4%	80.8%	81.2%		
Only shareholders fill newly created board seats at scheduled elections	0.0	0.0	0.5	0.0	2.6	1.4		
Shareholders fill a share of newly created board seats, with the other share filled by the board	0.8	0.8	2.1	2.2	5.1	2.9		
A procedure regulating the joint authority of the board and shareholders	5.4	5.0	3.2	3.4	11.5	14.5		

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.4b

**Filling of newly created board seats, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=991	2016 n=918	2018 n=690	2016 n=617	2018 n=185	2016 n=161	2018 n=127	2016 n=115	2018 n=122	2016 n=105
Only the board of directors fills newly created board seats between scheduled elections	90.6%	91.9%	90.3%	90.1%	89.7%	87.6%	85.0%	88.7%	90.2%	89.5%
Only shareholders fill newly created board seats at scheduled elections	1.1	0.8	1.4	0.3	1.1	1.2	3.1	1.7	0.0	0.0
Shareholders fill a share of newly created board seats, with the other share filled by the board	4.5	4.1	3.6	4.4	2.7	3.1	4.7	2.6	4.1	4.8
A procedure regulating the joint authority of the board and shareholders	3.7	3.2	4.6	5.2	6.5	8.1	7.1	7.0	5.7	5.7

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=513	2016 n=489	2018 n=153	2016 n=134	2018 n=41	2016 n=36
Only the board of directors fills newly created board seats between scheduled elections	92.6%	92.8%	88.2%	88.8%	87.8%	88.9%
Only shareholders fill newly created board seats at scheduled elections	0.8	0.2	3.3	2.2	0.0	0.0
Shareholders fill a share of newly created board seats, with the other share filled by the board	2.3	2.7	2.6	2.2	4.9	2.8
A procedure regulating the joint authority of the board and shareholders	4.3	4.3	5.9	6.7	7.3	8.3

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.5

**Use of search firms in director searches, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,851	2016 n=2,667
The company discloses it engages search firms to seek director nominees	75.5%	73.8%	55.2%	55.0%
No search firm engagement disclosed	24.5	26.2	44.8	45.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.5a

**Use of search firms in director searches, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=341	2016 n=322	2018 n=107	2016 n=102	2018 n=167	2016 n=152
The company discloses it engages search firms to seek director nominees	45.9%	47.1%	61.3%	60.2%	51.4%	50.0%	53.9%	57.2%
No search firm engagement disclosed	54.1	52.9	38.7	39.8	48.6	50.0	46.1	42.8

	Financials		Health care		Industrials		Information technology	
	2018 n=527	2016 n=503	2018 n=432	2016 n=386	2018 n=396	2016 n=378	2018 n=374	2016 n=341
The company discloses it engages search firms to seek director nominees	41.2%	41.9%	59.0%	58.0%	56.1%	56.9%	64.4%	64.5%
No search firm engagement disclosed	58.8	58.1	41.0	42.0	43.9	43.1	35.6	35.5

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=123	2018 n=189	2016 n=181	2018 n=78	2016 n=75
The company discloses it engages search firms to seek director nominees	61.1%	56.1%	59.3%	57.5%	55.1%	58.7%
No search firm engagement disclosed	38.9	43.9	40.7	42.5	44.9	41.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.5b

**Use of search firms in director searches, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,000	2016 n=949	2018 n=696	2016 n=642	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
The company discloses it engages search firms to seek director nominees	50.4%	50.4%	60.8%	60.6%	70.7%	69.0%	73.4%	75.4%	74.0%	76.4%
No search firm engagement disclosed	49.6	49.6	39.2	39.4	29.3	31.0	26.6	24.6	26.0	23.6

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=507	2018 n=155	2016 n=140	2018 n=42	2016 n=37
The company discloses it engages search firms to seek director nominees	44.1%	43.6%	44.5%	47.1%	73.8%	75.7%
No search firm engagement disclosed	55.9	56.4	55.5	52.9	26.2	24.3

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.6

**Circumstances for removal of directors by shareholders, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=342	2016 n=341	2018 n=2,206	2016 n=2,055
With or without cause	63.7%	60.1%	45.2%	44.7%
For cause only	36.3	39.9	54.8	55.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.6a

**Circumstances for removal of directors by shareholders, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=86	2016 n=82	2018 n=265	2016 n=252	2018 n=70	2016 n=66	2018 n=121	2016 n=110
With or without cause	51.2%	52.4%	44.9%	40.5%	57.1%	60.6%	50.4%	46.4%
For cause only	48.8	47.6	55.1	59.5	42.9	39.4	49.6	53.6

	Financials		Health care		Industrials		Information technology	
	2018 n=396	2016 n=374	2018 n=359	2016 n=318	2018 n=305	2016 n=287	2018 n=311	2016 n=287
With or without cause	46.0%	44.9%	34.5%	37.1%	50.2%	48.8%	49.8%	50.9%
For cause only	54.0	55.1	65.5	62.9	49.8	51.2	50.2	49.1

	Materials		Real estate		Utilities	
	2018 n=99	2016 n=94	2018 n=148	2016 n=142	2018 n=46	2016 n=43
With or without cause	44.4%	42.6%	33.8%	32.4%	54.3%	58.1%
For cause only	55.6	57.4	66.2	67.6	45.7	41.9

Source: The Conference Board/ESGAUGE, 2019.



Figure 3.6b

**Circumstances for removal of directors by shareholders, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=820	2016 n=775	2018 n=529	2016 n=493	2018 n=140	2016 n=119	2018 n=92	2016 n=81	2018 n=81	2016 n=71
With or without cause	37.2%	39.5%	50.1%	47.1%	54.3%	53.8%	71.7%	66.7%	65.4%	69.0%
For cause only	62.8	60.5	49.9	52.9	45.7	46.2	28.3	33.3	34.6	31.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=397	2016 n=386	2018 n=120	2016 n=106	2018 n=27	2016 n=24
With or without cause	38.0%	39.4%	50.8%	42.5%	74.1%	70.8%
For cause only	62.0	60.6	49.2	57.5	25.9	29.2

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.7

**Supermajority vote requirement to remove directors, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=367	2016 n=358	2018 n=2,363	2016 n=2,141
Supermajority vote requirement for director removal	24.5%	25.4%	39.6%	36.9%
No requirement	75.5	74.6	60.4	63.1

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.7a

**Supermajority vote requirement to remove directors, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=93	2016 n=87	2018 n=283	2016 n=265	2018 n=78	2016 n=71	2018 n=133	2016 n=113
Supermajority vote requirement for director removal	23.7%	20.7%	35.0%	36.2%	32.1%	26.8%	39.8%	36.3%
No requirement	76.3	79.3	65.0	63.8	67.9	73.2	60.2	63.7

	Financials		Health care		Industrials		Information technology	
	2018 n=423	2016 n=390	2018 n=378	2016 n=331	2018 n=323	2016 n=296	2018 n=325	2016 n=293
Supermajority vote requirement for director removal	43.0%	40.8%	46.3%	42.3%	34.1%	31.1%	34.8%	33.4%
No requirement	57.0	59.2	53.7	57.7	65.9	68.9	65.2	66.6

	Materials		Real estate		Utilities	
	2018 n=106	2016 n=99	2018 n=167	2016 n=151	2018 n=54	2016 n=45
Supermajority vote requirement for director removal	31.1%	31.3%	63.5%	55.0%	31.5%	28.9%
No requirement	68.9	68.7	36.5	45.0	68.5	71.1

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.7b

**Supermajority vote requirement to remove directors, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=865	2016 n=798	2018 n=573	2016 n=516	2018 n=151	2016 n=126	2018 n=97	2016 n=86	2018 n=87	2016 n=74
Supermajority vote requirement for director removal	43.2%	39.6%	33.0%	31.4%	29.8%	28.6%	28.9%	31.4%	12.6%	9.5%
No requirement	56.8	60.4	67.0	68.6	70.2	71.4	71.1	68.6	87.4	90.5

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=428	2016 n=405	2018 n=134	2016 n=112	2018 n=28	2016 n=24
Supermajority vote requirement for director removal	52.6%	46.4%	44.0%	45.5%	14.3%	12.5%
No requirement	47.4	53.6	56.0	54.5	85.7	87.5

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.8

**Required voting threshold for director removal, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=90	2016 n=93	2018 n=934	2016 n=817
60 percent	1.1%	1.1%	0.5%	0.6%
66 percent	10.0	7.5	5.1	5.0
67 percent	44.4	46.2	52.5	50.9
68 percent	0.0	0.0	0.1	0.1
70 percent	0.0	0.0	0.9	0.9
75 percent	14.4	15.1	21.9	21.7
80 percent	28.9	29.0	18.4	20.2
85 percent	1.1	1.1	0.6	0.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.8a

**Required voting threshold for director removal, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=22	2016 n=18	2018 n=99	2016 n=99	2018 n=25	2016 n=21	2018 n=53	2016 n=42
60 percent	0.0	0.0	0.0	0.0	0.0	0.0	3.8%	4.8%
66 percent	4.5%	5.6%	5.1%	3.0%	12.0%	14.3%	1.9	2.4
67 percent	50.0	50.0	52.5	52.5	60.0	61.9	56.6	50.0
68 percent	0.0	0.0	0.0	0.0	0.0	0.0	1.9	2.4
70 percent	0.0	0.0	0.0	0.0	0.0	0.0	1.9	2.4
75 percent	27.3	27.8	24.2	26.3	28.0	23.8	15.1	16.7
80 percent	18.2	16.7	18.2	18.2	0.0	0.0	18.9	21.4
85 percent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=182	2016 n=163	2018 n=173	2016 n=142	2018 n=111	2016 n=95	2018 n=113	2016 n=99
60 percent	0.5%	0.6%	0.0	0.0	0.0	0.0	0.9%	1.0%
66 percent	4.4	4.9	5.8%	6.3%	3.6%	2.1%	8.8	9.1
67 percent	47.8	44.2	48.0	47.2	47.7	47.4	54.0	51.5
68 percent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70 percent	2.2	1.8	0.0	0.0	0.9	1.1	0.9	1.0
75 percent	13.7	14.1	38.2	35.2	20.7	20.0	22.1	23.2
80 percent	30.2	33.1	8.1	11.3	25.2	27.4	13.3	14.1
85 percent	1.1	1.2	0.0	0.0	1.8	2.1	0.0	0.0

	Materials		Real estate		Utilities	
	2018 n=33	2016 n=31	2018 n=106	2016 n=93	2018 n=17	2016 n=14
60 percent	3.0%	3.2%	0.0	0.0	0.0	0.0
66 percent	0.0	0.0	5.7%	5.4%	0.0	0.0
67 percent	24.2	22.6	80.2	79.6	29.4%	35.7%
68 percent	0.0	0.0	0.0	0.0	0.0	0.0
70 percent	3.0	3.2	0.0	0.0	0.0	0.0
75 percent	24.2	22.6	8.5	8.6	23.5	28.6
80 percent	45.5	48.4	4.7	5.4	47.1	35.7
85 percent	0.0	0.0	0.9	1.1	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.8b

**Required voting threshold for director removal, by company size**

Percentage of total

	ANNUAL REVENUE										
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over		
	2018 n=372	2016 n=320	2018 n=190	2016 n=171	2018 n=45	2016 n=36	2018 n=28	2016 n=27	2018 n=11	2016 n=7	
60 percent	0.5%	0.9%	0.5%	0.0	0.0	0.0	0.0	0.0	0.0	9.1%	14.3%
66 percent	4.6	5.6	4.7	2.9%	4.4%	2.8%	14.3%	11.1%	18.2	14.3	
67 percent	53.5	50.3	48.4	50.3	31.1	30.6	35.7	40.7	27.3	14.3	
68 percent	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
70 percent	0.0	0.0	1.1	1.8	2.2	0.0	3.6	3.7	0.0	0.0	
75 percent	31.7	31.9	19.5	18.1	20.0	22.2	14.3	11.1	27.3	28.6	
80 percent	9.1	10.6	25.8	26.9	42.2	44.4	28.6	33.3	18.2	14.3	
85 percent	0.3	0.3	0.0	0.0	0.0	0.0	3.6	0.0	0.0	14.3	

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=225	2016 n=201	2018 n=59	2016 n=52	2018 n=4	2016 n=3
60 percent	0.4%	0.5%	0.0	0.0	0.0	0.0
66 percent	4.4	4.5	5.1%	7.7%	25.0%	0.0
67 percent	61.3	58.7	55.9	53.8	25.0	0.0
68 percent	0.0	0.0	0.0	0.0	0.0	0.0
70 percent	1.8	1.5	0.0	0.0	0.0	0.0
75 percent	11.6	11.4	11.9	13.5	25.0	33.3%
80 percent	20.0	22.9	23.7	21.2	25.0	66.7
85 percent	0.4	0.5	3.4	3.8	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.9

**Filling of vacancies due to removal, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=364	2016 n=358	2018 n=2,299	2016 n=2,121
The board fills all vacancies due to removal	74.7%	74.0%	85.1%	84.8%
Shareholders fill all vacancies due to removal	10.2	10.3	6.2	6.5
Shareholders fill a share of vacancies due to removal	15.1	15.6	8.7	8.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.9a

**Filling of vacancies due to removal, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=90	2016 n=85	2018 n=276	2016 n=262	2018 n=75	2016 n=70	2018 n=128	2016 n=113
The board fills all vacancies due to removal	81.1%	80.0%	90.2%	89.7%	88.0%	87.1%	92.2%	92.9%
Shareholders fill all vacancies due to removal	8.9	9.4	4.0	4.2	8.0	8.6	2.3	1.8
Shareholders fill a share of vacancies due to removal	10.0	10.6	5.8	6.1	4.0	4.3	5.5	5.3
	Financials		Health care		Industrials		Information technology	
	2018 n=409	2016 n=383	2018 n=373	2016 n=329	2018 n=312	2016 n=294	2018 n=320	2016 n=292
The board fills all vacancies due to removal	82.2%	81.2%	85.8%	87.8%	87.5%	87.4%	79.4%	77.7%
Shareholders fill all vacancies due to removal	9.0	9.7	4.8	4.0	3.8	4.1	7.2	7.5
Shareholders fill a share of vacancies due to removal	8.8	9.1	9.4	8.2	8.7	8.5	13.4	14.7
	Materials		Real estate		Utilities			
	2018 n=105	2016 n=98	2018 n=162	2016 n=151	2018 n=49	2016 n=44		
The board fills all vacancies due to removal	89.5%	89.8%	85.2%	84.1%	73.5%	70.5%		
Shareholders fill all vacancies due to removal	5.7	6.1	8.0	8.6	12.2	15.9		
Shareholders fill a share of vacancies due to removal	4.8	4.1	6.8	7.3	14.3	13.6		

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.9b

**Filling of vacancies due to removal, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=842	2016 n=791	2018 n=554	2016 n=511	2018 n=148	2016 n=125	2018 n=97	2016 n=86	2018 n=87	2016 n=74
The board fills all vacancies due to removal	87.2%	88.1%	85.7%	83.8%	85.1%	85.6%	80.4%	82.6%	80.5%	78.4%
Shareholders fill all vacancies due to removal	5.1	4.9	4.7	5.3	6.8	4.8	8.2	9.3	6.9	9.5
Shareholders fill a share of vacancies due to removal	7.7	7.0	9.6	11.0	8.1	9.6	11.3	8.1	12.6	12.2

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=414	2016 n=399	2018 n=129	2016 n=111	2018 n=28	2016 n=24
The board fills all vacancies due to removal	87.0%	85.5%	76.0%	75.7%	57.1%	54.2%
Shareholders fill all vacancies due to removal	6.3	7.3	14.7	14.4	17.9	20.8
Shareholders fill a share of vacancies due to removal	6.8	7.3	9.3	9.9	25.0	25.0

Source: The Conference Board/ESGAUGE, 2019.



## DIRECTOR ELECTION AND REMOVAL

Figure 3.10

**Proxy access bylaws, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,851	2016 n=2,667
The company has adopted proxy access bylaws	61.5%	19.5%	15.5%	4.5%
No proxy access bylaws	38.5	80.5	84.5	95.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.10a

**Proxy access bylaws, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=341	2016 n=322	2018 n=107	2016 n=102	2018 n=167	2016 n=152
The company has adopted proxy access bylaws	8.3%	2.9%	17.9%	3.7%	19.6%	6.9%	24.0%	12.5%
No proxy access bylaws	91.7%	97.1%	82.1%	96.3%	80.4%	93.1%	76.0%	87.5%

	Financials		Health care		Industrials		Information technology	
	2018 n=527	2016 n=503	2018 n=432	2016 n=386	2018 n=396	2016 n=378	2018 n=374	2016 n=341
The company has adopted proxy access bylaws	9.3%	3.6%	11.3%	2.8%	16.2%	4.5%	14.4%	2.9%
No proxy access bylaws	90.7%	96.4%	88.7%	97.2%	83.8%	95.5%	85.6%	97.1%

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=123	2018 n=189	2016 n=181	2018 n=78	2016 n=75
The company has adopted proxy access bylaws	24.4%	4.9%	18.0%	4.4%	37.2%	10.7%
No proxy access bylaws	75.6%	95.1%	82.0%	95.6%	62.8%	89.3%

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.10b

**Proxy access bylaws, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,000	2016 n=949	2018 n=696	2016 n=642	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
The company has adopted proxy access bylaws	1.7%	0.4%	15.2%	2.8%	42.0%	11.9%	53.9%	16.9%	71.5%	29.2%
No proxy access bylaws	98.3	99.6	84.8	97.2	58.0	88.1	46.1	83.1	28.5	70.8

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=507	2018 n=155	2016 n=140	2018 n=42	2016 n=37
The company has adopted proxy access bylaws	4.4%	1.0%	22.6%	5.0%	59.5%	37.8%
No proxy access bylaws	95.6	99.0	77.4	95.0	40.5	62.2

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.11

**Proxy access bylaws—year of adoption, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=303	2016 n=95	2018 n=442	2016 n=119
Before 2012	0.0	0.0	0.7%	2.5%
2012	0.3%	1.1%	0.2	0.8
2013	1.0	3.2	0.9	3.4
2014	1.0	3.2	1.4	5.0
2015	33.0	92.6	26.9	88.2
2016	41.6	0.0	43.9	0.0
2017	23.1	0.0	26.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.11a

**Proxy access bylaws—year of adoption, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=9	2016 n=3	2018 n=61	2016 n=12	2018 n=21	2016 n=7	2018 n=40	2016 n=19
Before 2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	11.1%	33.3%	0.0	0.0	0.0	0.0	0.0	0.0
2013	11.1	33.3	0.0	0.0	0.0	0.0	2.5%	5.3%
2014	0.0	0.0	3.3%	16.7%	0.0	0.0	5.0	10.5
2015	22.2	33.3	21.3	83.3	47.6%	100.0%	42.5	84.2
2016	44.4	0.0	37.7	0.0	38.1	0.0	32.5	0.0
2017	11.1	0.0	37.7	0.0	14.3	0.0	17.5	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=49	2016 n=18	2018 n=49	2016 n=11	2018 n=64	2016 n=17	2018 n=54	2016 n=10
Before 2012	0.0	0.0	0.0	0.0	3.1%	11.8%	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	3.7%	20.0%
2014	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	40.8%	100.0%	24.5%	100.0%	25.0	88.2	18.5	80.0
2016	36.7	0.0	44.9	0.0	53.1	0.0	50.0	0.0
85 percent	22.4	0.0	30.6	0.0	18.8	0.0	27.8	0.0

	Materials		Real estate		Utilities	
	2018 n=32	2016 n=6	2018 n=34	2016 n=8	2018 n=29	2016 n=8
Before 2012	3.1%	16.7%	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	5.9%	5.9%	0.0	0.0
2015	15.6	83.3	17.6	17.6	27.6%	100.0%
2016	56.3	0.0	41.2	41.2	44.8	0.0
85 percent	25.0	0.0	35.3	35.3	27.6	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.11b

**Proxy access bylaws—year of adoption, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=17	2016 n=4	2018 n=106	2016 n=18	2018 n=79	2016 n=20	2018 n=69	2016 n=20	2018 n=88	2016 n=31
Before 2012	11.8%	50.0%	0.9%	5.6%	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	1.4%	5.0%	0.0	0.0
2013	5.9	25.0	0.0	0.0	1.3%	5.0%	0.0	0.0	2.3%	6.5%
2014	0.0	0.0	1.9	11.1	2.5	5.0	0.0	5.0	0.0	0.0
2015	5.9	25.0	14.2	83.3	24.1	90.0	34.8	90.0	38.6	93.5
2016	35.3	0.0	43.4	0.0	50.6	0.0	46.4	0.0	43.2	0.0
2017	41.2	0.0	39.6	0.0	21.5	0.0	17.4	0.0	15.9	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=23	2016 n=5	2018 n=35	2016 n=7	2018 n=25	2016 n=14
Before 2012	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	4.3%	20.0%	2.9%	14.3%	0.0	0.0
2015	13.0	80.0	22.9	85.7	60.0%	100.0%
2016	52.2	0.0	34.3	0.0	32.0	0.0
2017	30.4	0.0	40.0	0.0	8.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.12

**Proxy access bylaws—percent of ownership, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=303	2016 n=95	2018 n=442	2016 n=119
5% ownership	100.0%	93.7%	99.1%	89.1%
3% ownership	0.0	6.3	0.7	10.1
Other	0.0	0.0	0.2	0.8

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.12a

**Proxy access bylaws—percent of ownership, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=9	2016 n=3	2018 n=61	2016 n=12	2018 n=21	2016 n=7	2018 n=40	2016 n=19
5% ownership	100.0%	100.0%	100.0%	91.7%	100.0%	100.0%	97.5%	78.9%
3% ownership	0.0	0.0	0.0	8.3	0.0	0.0	2.5	21.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=49	2016 n=18	2018 n=49	2016 n=11	2018 n=64	2016 n=17	2018 n=54	2016 n=10
5% ownership	100.0%	94.4%	100.0%	100.0%	96.9%	82.4%	100.0%	100.0%
3% ownership	0.0	5.6	0.0	0.0	1.6	11.8	0.0	0.0
Other	0.0	0.0	0.0	0.0	1.6	5.9	0.0	0.0

	Materials		Real estate		Utilities	
	2018 n=32	2016 n=6	2018 n=34	2016 n=8	2018 n=29	2016 n=8
5% ownership	96.9%	83.3%	100.0%	62.5%	100.0%	100.0%
3% ownership	3.1	16.7	0.0	37.5	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.12b

**Proxy access bylaws—percent of ownership, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=17	2016 n=4	2018 n=106	2016 n=18	2018 n=79	2016 n=20	2018 n=69	2016 n=20	2018 n=88	2016 n=31
5% ownership	82.4%	25.0%	99.1%	66.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3% ownership	17.6	75.0	0.0	27.8	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.9	5.6	0.0	0.0	0.0	0.0	0.0	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=23	2016 n=5	2018 n=35	2016 n=7	2018 n=25	2016 n=14
5% ownership	100.0%	60.0%	100.0%	71.4%	100.0%	100.0%
3% ownership	0.0	40.0	0.0	28.6	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.13

**Proxy access bylaws—holding period, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=303	2016 n=95	2018 n=442	2016 n=119
3 years	100.0%	100.0%	98.6%	96.6%
1 year	0.0	0.0	0.7	1.7
Other	0.0	0.0	0.7	1.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.13a

**Proxy access bylaws—holding period, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=9	2016 n=3	2018 n=61	2016 n=12	2018 n=21	2016 n=7	2018 n=40	2016 n=19
3 years	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	95.0%	94.7%
1 year	0.0	0.0	0.0	0.0	0.0	0.0	2.5	5.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=49	2016 n=18	2018 n=49	2016 n=11	2018 n=64	2016 n=17	2018 n=54	2016 n=10
3 years	98.0%	100.0%	100.0%	100.0%	96.9%	88.2%	100.0%	100.0%
1 year	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	3.1	11.8	0.0	0.0

	Materials		Real estate		Utilities	
	2018 n=32	2016 n=6	2018 n=34	2016 n=8	2018 n=29	2016 n=8
3 years	96.9%	83.3%	100.0%	100.0%	100.0%	100.0%
1 year	3.1	16.7	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.



Figure 3.13b

**Proxy access bylaws—holding period, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=17	2016 n=4	2018 n=106	2016 n=18	2018 n=79	2016 n=20	2018 n=69	2016 n=20	2018 n=88	2016 n=31
3 years	82.4%	25.0%	98.1%	94.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1 year	11.8	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	5.9	25.0	1.9	5.6	0.0	0.0	0.0	0.0	0.0	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=23	2016 n=5	2018 n=35	2016 n=7	2018 n=25	2016 n=14
3 years	95.7%	100.0%	100.0%	100.0%	100.0%	100.0%
1 year	4.3	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.14

**Proxy access bylaws—percent of board eligible, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=303	2016 n=95	2018 n=442	2016 n=119
25% of board	6.3%	8.4%	8.1%	10.9%
25% of board, or minimum of 2 directors	2.0	1.1	4.5	1.7
20-25% of board, depending on outside factors	0.0	0.0	0.0	0.0
20% of board	33.7	43.2	34.8	42.9
20% of board, or minimum of 2 directors	57.8	47.4	51.4	41.2
1 director	0.3	0.0	0.7	1.7
Other	0.0	0.0	0.5	1.7

Source: The Conference Board/ESGAUGE, 2019.

DIRECTOR ELECTION AND REMOVAL

Figure 3.14a

**Proxy access bylaws—percent of board eligible, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=9	2016 n=3	2018 n=61	2016 n=12	2018 n=21	2016 n=7	2018 n=40	2016 n=19
25% of board	0.0	0.0	9.8%	25.0%	0.0	0.0	15.0%	5.3%
25% of board, or minimum of 2 directors	0.0	0.0	4.9	0.0	0.0	0.0	2.5	0.0
20-25% of board, depending on outside factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20% of board	55.6%	66.7%	34.4	33.3	42.9%	42.9%	32.5	47.4
20% of board, or minimum of 2 directors	44.4	33.3	50.8	41.7	57.1	57.1	47.5	36.8
1 director	0.0	0.0	0.0	0.0	0.0	0.0	2.5	10.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Financials		Health care		Industrials		Information technology	
	2018 n=49	2016 n=18	2018 n=49	2016 n=11	2018 n=64	2016 n=17	2018 n=54	2016 n=10
25% of board	8.2%	5.6%	10.2%	18.2%	4.7%	0.0	5.6%	0.0
25% of board, or minimum of 2 directors	4.1	0.0	4.1	9.1	6.3	5.9%	1.9	0.0
20-25% of board, depending on outside factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20% of board	32.7	44.4	24.5	27.3	31.3	41.2	48.1	90.0%
20% of board, or minimum of 2 directors	55.1	50.0	61.2	45.5	54.7	41.2	42.6	10.0
1 director	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0
Other	0.0	0.0	0.0	0.0	3.1	11.8	0.0	0.0
	Materials		Real estate		Utilities			
	2018 n=32	2016 n=6	2018 n=34	2016 n=8	2018 n=29	2016 n=8		
25% of board	6.3%	33.3%	17.6%	37.5%	3.4%	12.5%		
25% of board, or minimum of 2 directors	12.5	0.0	5.9	0.0	3.4	0.0		
20-25% of board, depending on outside factors	0.0	0.0	0.0	0.0	0.0	0.0		
20% of board	31.3	33.3	26.5	25.0	44.8	25.0		
20% of board, or minimum of 2 directors	46.9	33.3	50.0	37.5	48.3	62.5		
1 director	3.1	0.0	0.0	0.0	0.0	0.0		
Other	0.0	0.0	0.0	0.0	0.0	0.0		

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.14b

**Proxy access bylaws—percent of board eligible, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=17	2016 n=4	2018 n=106	2016 n=18	2018 n=79	2016 n=20	2018 n=69	2016 n=20	2018 n=88	2016 n=31
25% of board	17.6%	25.0%	8.5%	5.6%	10.1%	15.0%	5.8%	15.0%	2.3%	3.2%
25% of board, or minimum of 2 directors	17.6	0.0	4.7	0.0	8.9	5.0	1.4	5.0	0.0	0.0
20-25% of board, depending on outside factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20% of board	17.6	25.0	37.7	55.6	32.9	40.0	37.7	35.0	38.6	48.4
20% of board, or minimum of 2 directors	35.3	0.0	46.2	27.8	48.1	40.0	55.1	45.0	59.1	48.4
1 director	5.9	25.0	1.9	5.6	0.0	0.0	0.0	0.0	0.0	0.0
Other	5.9	25.0	0.9	5.6	0.0	0.0	0.0	0.0	0.0	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=23	2016 n=5	2018 n=35	2016 n=7	2018 n=25	2016 n=14
25% of board	13.0%	40.0%	17.1%	28.6%	4.0%	0.0
25% of board, or minimum of 2 directors	8.7	0.0	2.9	0.0	4.0	0.0
20-25% of board, depending on outside factors	0.0	0.0	0.0	0.0	0.0	0.0
20% of board	34.8	20.0	20.0	28.6	40.0	50.0%
20% of board, or minimum of 2 directors	43.5	40.0	60.0	42.9	52.0	50.0
1 director	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.15

**Proxy access bylaws—maximum number of aggregated shareholders, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=303	2016 n=95	2018 n=442	2016 n=119
1 shareholder	0.0	0.0	0.0	0.0
5 shareholders	0.3%	1.1%	0.2%	0.8%
10 shareholders	1.0	4.2	0.7	5.0
20 shareholders	94.1	84.2	91.6	78.2
10-25 shareholders	2.3	7.4	3.2	6.7
30-50 shareholders	0.7	0.0	0.9	0.0
No limit	1.7	3.2	3.4	9.2

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.15a

**Proxy access bylaws—maximum number of aggregated shareholders, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=9	2016 n=3	2018 n=61	2016 n=12	2018 n=21	2016 n=7	2018 n=40	2016 n=19
1 shareholder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 shareholders	11.1%	33.3%	1.6%	8.3%	0.0	0.0	0.0	5.3%
20 shareholders	77.8	33.3	88.5	66.7	95.2%	85.7%	85.0%	73.7
10-25 shareholders	0.0	0.0	4.9	8.3	4.8	14.3	7.5	5.3
30-50 shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
No limit	11.1	33.3	4.9	16.7	0.0	0.0	7.5	15.8

	Financials		Health care		Industrials		Information technology	
	2018 n=49	2016 n=18	2018 n=49	2016 n=11	2018 n=64	2016 n=17	2018 n=54	2016 n=10
1 shareholder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 shareholders	0.0	5.6%	0.0	0.0	0.0	0.0	0.0	0.0
20 shareholders	93.9%	88.9	93.9%	100.0%	92.2%	88.2%	90.7%	70.0%
10-25 shareholders	4.1	5.6	0.0	0.0	3.1	0.0	1.9	20.0
30-50 shareholders	0.0	0.0	2.0	0.0	1.6	0.0	3.7	0.0
No limit	2.0	0.0	4.1	0.0	3.1	11.8	3.7	10.0

	Materials		Real estate		Utilities	
	2018 n=32	2016 n=6	2018 n=34	2016 n=8	2018 n=29	2016 n=8
1 shareholder	0.0	0.0	0.0	0.0	0.0	0.0
5 shareholders	0.0	0.0	2.9%	12.5%	0.0	0.0
10 shareholders	0.0	0.0	2.9	25.0	0.0	0.0
20 shareholders	93.8%	83.3%	91.2	37.5	100.0%	87.5%
10-25 shareholders	3.1	0.0	2.9	12.5	0.0	12.5
30-50 shareholders	0.0	0.0	0.0	0.0	0.0	0.0
No limit	3.1	16.7	0.0	12.5	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.15b

**Proxy access bylaws—maximum number of aggregated shareholders, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=17	2016 n=4	2018 n=106	2016 n=18	2018 n=79	2016 n=20	2018 n=69	2016 n=20	2018 n=88	2016 n=31
1 shareholder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 shareholders	0.0	0.0	0.0	5.6%	1.3%	5.0%	1.4%	5.0%	0.0	0.0
20 shareholders	70.6%	25.0%	90.6%	77.8	87.3	65.0	94.2	85.0	97.7%	93.5%
10-25 shareholders	0.0	0.0	3.8	5.6	6.3	10.0	1.4	5.0	1.1	6.5
30-50 shareholders	0.0	0.0	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
No limit	29.4	75.0	1.9	11.1	5.1	20.0	2.9	5.0	1.1	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=23	2016 n=5	2018 n=35	2016 n=7	2018 n=25	2016 n=14
1 shareholder	0.0	0.0	0.0	0.0	0.0	0.0
5 shareholders	0.0	0.0	2.9%	14.3%	0.0	0.0
10 shareholders	4.3%	40.0%	0.0	14.3	0.0	0.0
20 shareholders	91.3	40.0	91.4	57.1	96.0%	92.9%
10-25 shareholders	4.3	0.0	2.9	14.3	4.0	7.1
30-50 shareholders	0.0	0.0	0.0	0.0	0.0	0.0
No limit	0.0	20.0	2.9	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## DIRECTOR ELECTION AND REMOVAL

Figure 3.16

**Proxy access bylaws—related entities provision, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=303	2016 n=95	2018 n=442	2016 n=119
Proxy access bylaws contain a related entities provision	91.1%	72.6%	84.2%	66.4%
No provision	8.9	27.4	15.8	33.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.16a

**Proxy access bylaws—related entities provision, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=9	2016 n=3	2018 n=61	2016 n=12	2018 n=21	2016 n=7	2018 n=40	2016 n=19
Proxy access bylaws contain a related entities provision	77.8%	33.3%	75.4%	33.3%	76.2%	71.4%	77.5%	57.9%
No provision	22.2	66.7	24.6	66.7	23.8	28.6	22.5	42.1

	Financials		Health care		Industrials		Information technology	
	2018 n=49	2016 n=18	2018 n=49	2016 n=11	2018 n=64	2016 n=17	2018 n=54	2016 n=10
Proxy access bylaws contain a related entities provision	91.8%	77.8%	89.8%	90.9%	90.6%	82.4%	83.3%	50.0%
No provision	8.2	22.2	10.2	9.1	9.4	17.6	16.7	50.0

	Materials		Real estate		Utilities	
	2018 n=32	2016 n=6	2018 n=34	2016 n=8	2018 n=29	2016 n=8
Proxy access bylaws contain a related entities provision	84.4%	83.3%	79.4%	25.0%	89.7%	100.0%
No provision	15.6	16.7	20.6	75.0	10.3	0.0

Source: The Conference Board/ESGAUGE, 2019.



Figure 3.16b

**Proxy access bylaws—related entities provision, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=17	2016 n=4	2018 n=106	2016 n=18	2018 n=79	2016 n=20	2018 n=69	2016 n=20	2018 n=88	2016 n=31
Proxy access bylaws contain a related entities provision	52.9%	25.0%	74.5%	44.4%	89.9%	75.0%	91.3%	85.0%	88.6%	71.0%
No provision	47.1	75.0	25.5	55.6	10.1	25.0	8.7	15.0	11.4	29.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=23	2016 n=5	2018 n=35	2016 n=7	2018 n=25	2016 n=14
Proxy access bylaws contain a related entities provision	78.3%	0.0	85.7%	42.9%	96.0%	92.9%
No provision	21.7	100.0%	14.3	57.1	4.0	7.1

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.17

**Proxy access bylaws—loaned shares provision, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=303	2016 n=95	2018 n=442	2016 n=119
Proxy access bylaws contain a loaned shares provision	91.1%	71.6%	83.0%	64.7%
No provision	8.9	28.4	17.0	35.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.17a

**Proxy access bylaws—loaned shares provision, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=9	2016 n=3	2018 n=61	2016 n=12	2018 n=21	2016 n=7	2018 n=40	2016 n=19
Proxy access bylaws contain a loaned shares provision	77.8%	33.3%	82.0%	58.3%	85.7%	85.7%	77.5%	63.2%
No provision	22.2	66.7	18.0	41.7	14.3	14.3	22.5	36.8

	Financials		Health care		Industrials		Information technology	
	2018 n=49	2016 n=18	2018 n=49	2016 n=11	2018 n=64	2016 n=17	2018 n=54	2016 n=10
Proxy access bylaws contain a loaned shares provision	89.8%	83.3%	85.7%	63.6%	87.5%	76.5%	81.5%	40.0%
No provision	10.2	16.7	14.3	36.4	12.5	23.5	18.5	60.0

	Materials		Real estate		Utilities	
	2018 n=32	2016 n=6	2018 n=34	2016 n=8	2018 n=29	2016 n=8
Proxy access bylaws contain a loaned shares provision	75.0%	50.0%	76.5%	12.5%	86.2%	100.0%
No provision	25.0	50.0	23.5	87.5	13.8	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 3.17b

**Proxy access bylaws—loaned shares provision, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=17	2016 n=4	2018 n=106	2016 n=18	2018 n=79	2016 n=20	2018 n=69	2016 n=20	2018 n=88	2016 n=31
Proxy access bylaws contain a loaned shares provision	64.7%	25.0%	72.6%	50.0%	86.1%	65.0%	88.4%	75.0%	90.9%	74.2%
No provision	35.3	75.0	27.4	50.0	13.9	35.0	11.6	25.0	9.1	25.8

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=23	2016 n=5	2018 n=35	2016 n=7	2018 n=25	2016 n=14
Proxy access bylaws contain a loaned shares provision	69.6%	20.0%	85.7%	28.6%	96.0%	92.9%
No provision	30.4	80.0	14.3	71.4	4.0	7.1

Source: The Conference Board/ESGAUGE, 2019.

# Part 4

## OTHER BOARD POLICIES

Figure 4.1

### Mandatory director retirement policy based on age, by index

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,814	2016 n=2,631
Companies with a director retirement policy based on age	41.3%	41.5%	24.7%	25.5%
No policy	58.7	58.5	75.3	74.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.1a

### Mandatory director retirement policy based on age, by industry

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=108	2016 n=103	2018 n=338	2016 n=319	2018 n=106	2016 n=101	2018 n=164	2016 n=149
Companies with a director retirement policy based on age	14.8%	14.6%	26.0%	26.3%	28.3%	28.7%	28.7%	31.5%
No policy	85.2	85.4	74.0	73.7	71.7	71.3	71.3	68.5

	Financials		Health care		Industrials		Information technology	
	2018 n=519	2016 n=497	2018 n=421	2016 n=376	2018 n=392	2016 n=374	2018 n=369	2016 n=335
Companies with a director retirement policy based on age	26.2%	26.6%	15.2%	16.5%	31.9%	32.6%	17.9%	18.8%
No policy	73.8	73.4	84.8	83.5	68.1	67.4	82.1	81.2

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=180	2018 n=78	2016 n=75
Companies with a director retirement policy based on age	36.9%	36.1%	17.5%	17.8%	52.6%	56.0%
No policy	63.1	63.9	82.5	82.2	47.4	44.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.1b

**Mandatory director retirement policy based on age, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=981	2016 n=926	2018 n=686	2016 n=636	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a director retirement policy based on age	13.1%	14.4%	32.2%	31.6%	33.5%	38.1%	39.1%	44.9%	50.4%	53.8%
No policy	86.9	85.6	67.8	68.4	66.5	61.9	60.9	55.1	49.6	46.2

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=512	2016 n=502	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with a director retirement policy based on age	19.9%	21.7%	31.2%	27.5%	45.2%	45.9%
No policy	80.1	78.3	68.8	72.5	54.8	54.1

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.2

**Mandatory director retirement age, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=342	2016 n=340	2018 n=1,118	2016 n=1,078
65 years of age	0.0	0.0	0.1%	0.1%
66 years of age	0.0	0.0	0.0	0.0
67 years of age	0.0	0.0	0.0	0.0
68 years of age	0.0	0.0	0.2	0.2
69 years of age	0.0	0.0	0.0	0.0
70 years of age	3.8%	3.8%	7.8	8.2
71 years of age	0.6	0.6	0.4	0.4
72 years of age	43.6	42.9	36.0	35.8
73 years of age	4.7	4.4	4.4	4.2
74 years of age	5.3	5.6	3.8	4.1
75 years of age	38.9	39.4	42.3	42.1
76 years of age	2.0	2.1	1.5	1.5
77 years of age	0.0	0.0	0.9	0.8
78 years of age	0.6	0.6	0.6	0.7
79 years of age	0.0	0.0	0.2	0.2
80 years of age	0.6	0.6	1.5	1.4
More than 80 years of age	0.0	0.0	0.4	0.4

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.2a

**Mandatory director retirement age, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=27	2016 n=26	2018 n=147	2016 n=140	2018 n=49	2016 n=47	2018 n=78	2016 n=77
65 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
66 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
67 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
68 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
69 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70 years of age	14.8%	19.2%	4.1%	4.3%	8.2%	8.5%	3.8%	3.9%
71 years of age	0.0	0.0	0.0	0.0	2.0	2.1	0.0	0.0
72 years of age	48.1	46.2	38.1	38.6	51.0	53.2	34.6	35.1
73 years of age	0.0	0.0	6.8	6.4	2.0	2.1	3.8	3.9
74 years of age	3.7	3.8	3.4	3.6	4.1	4.3	2.6	2.6
75 years of age	25.9	23.1	42.2	41.4	28.6	25.5	50.0	49.4
76 years of age	0.0	0.0	2.7	2.9	0.0	0.0	0.0	0.0
77 years of age	0.0	0.0	1.4	1.4	0.0	0.0	1.3	1.3
78 years of age	3.7	3.8	0.7	0.7	0.0	0.0	1.3	1.3
79 years of age	0.0	0.0	0.7	0.7	0.0	0.0	0.0	0.0
80 years of age	3.7	3.8	0.0	0.0	2.0	2.1	2.6	2.6
More than 80 years of age	0.0	0.0	0.0	0.0	2.0	2.1	0.0	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=209	2016 n=203	2018 n=97	2016 n=93	2018 n=203	2016 n=197	2018 n=112	2016 n=104
65 years of age	0.5%	0.5%	0.0	0.0	0.0	0.0	0.0	0.0
66 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
67 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
68 years of age	0.5	0.5	0.0	0.0	0.5%	0.5%	0.0	0.0
69 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70 years of age	12.0	12.3	8.2%	7.5%	7.4	8.1	8.9%	9.6%
71 years of age	0.5	0.5	1.0	1.1	0.0	0.0	0.0	0.0
72 years of age	34.4	35.0	27.8	29.0	37.9	37.1	32.1	30.8
73 years of age	4.8	4.4	4.1	4.3	5.9	5.6	0.9	1.0
74 years of age	3.8	3.9	3.1	3.2	4.4	5.1	3.6	3.8
75 years of age	36.8	35.5	48.5	48.4	40.4	40.6	50.0	51.9
76 years of age	2.4	2.5	1.0	1.1	2.0	1.5	0.0	0.0
77 years of age	1.0	1.0	1.0	0.0	0.5	0.5	0.0	0.0
78 years of age	0.5	1.0	1.0	1.1	0.5	0.5	0.0	0.0
79 years of age	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0
80 years of age	2.4	2.5	4.1	4.3	0.5	0.5	1.8	0.0
More than 80 years of age	0.0	0.0	0.0	0.0	0.0	0.0	2.7	2.9

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Figure 4.2a (continued)

**Mandatory director retirement age, by industry**

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=84	2016 n=80	2018 n=58	2016 n=56	2018 n=54	2016 n=55
65 years of age	0.0	0.0	0.0	0.0	0.0	0.0
66 years of age	0.0	0.0	0.0	0.0	0.0	0.0
67 years of age	0.0	0.0	0.0	0.0	0.0	0.0
68 years of age	0.0	0.0	0.0	0.0	0.0	0.0
69 years of age	0.0	0.0	0.0	0.0	0.0	0.0
70 years of age	3.6%	3.8%	6.9%	7.1%	9.3%	9.1%
71 years of age	0.0	0.0	0.0	0.0	1.9	1.8
72 years of age	46.4	43.8	24.1	25.0	29.6	29.1
73 years of age	1.2	1.3	6.9	5.4	5.6	5.5
74 years of age	8.3	8.8	1.7	1.8	1.9	1.8
75 years of age	40.5	42.5	48.3	48.2	50.0	50.9
76 years of age	0.0	0.0	3.4	3.6	1.9	1.8
77 years of age	0.0	0.0	5.2	5.4	0.0	0.0
78 years of age	0.0	0.0	1.7	1.8	0.0	0.0
79 years of age	0.0	0.0	0.0	0.0	0.0	0.0
80 years of age	0.0	0.0	1.7	1.8	0.0	0.0
More than 80 years of age	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.



Figure 4.2b

**Mandatory director retirement age, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=201	2016 n=204	2018 n=349	2016 n=331	2018 n=118	2016 n=111	2018 n=90	2016 n=89	2018 n=93	2016 n=84
65 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
66 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
67 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
68 years of age	0.0	0.0	0.3%	0.3%	0.0	0.0	0.0	0.0	0.0	0.0
69 years of age	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70 years of age	10.9%	9.8%	6.6	8.5	5.1%	5.4%	4.4%	2.2%	3.2%	3.6%
71 years of age	0.5	0.5	0.3	0.3	0.0	0.0	0.0	0.0	1.1	1.2
72 years of age	24.4	26.0	41.5	39.6	38.1	37.8	36.7	42.7	47.3	44.0
73 years of age	3.5	2.9	3.4	4.2	7.6	8.1	5.6	2.2	2.2	2.4
74 years of age	3.0	2.9	3.2	3.6	5.1	7.2	5.6	3.4	6.5	7.1
75 years of age	50.2	51.5	42.1	41.1	39.0	36.9	43.3	44.9	37.6	39.3
76 years of age	0.5	0.5	0.3	0.3	3.4	2.7	2.2	2.2	2.2	2.4
77 years of age	1.5	1.5	0.6	0.3	0.0	0.0	0.0	0.0	0.0	0.0
78 years of age	0.5	0.5	0.9	0.9	0.8	0.9	0.0	0.0	0.0	0.0
79 years of age	0.0	0.0	0.0	0.0	0.0	0.9	1.1	0.0	0.0	0.0
80 years of age	3.5	2.5	0.6	0.6	0.8	0.0	1.1	2.2	0.0	0.0
More than 80 years of age	1.5	1.5	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0

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Figure 4.2b (continued)

**Mandatory director retirement age, by company size**

Percentage of total

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=154	2016 n=162	2018 n=76	2016 n=63	2018 n=37	2016 n=34
65 years of age	0.0	0.0	1.3%	1.6%	0.0	0.0
66 years of age	0.0	0.0	0.0	0.0	0.0	0.0
67 years of age	0.0	0.0	0.0	0.0	0.0	0.0
68 years of age	0.0	0.0	1.3	1.6	0.0	0.0
69 years of age	0.0	0.0	0.0	0.0	0.0	0.0
70 years of age	14.9%	14.8%	7.9	7.9	0.0	0.0
71 years of age	0.6	0.6	0.0	0.0	0.0	0.0
72 years of age	33.1	32.7	21.1	25.4	51.4%	47.1%
73 years of age	5.2	4.9	5.3	4.8	5.4	2.9
74 years of age	2.6	2.5	3.9	4.8	5.4	5.9
75 years of age	35.7	35.8	47.4	41.3	37.8	44.1
76 years of age	1.3	1.2	6.6	7.9	0.0	0.0
77 years of age	2.6	2.5	1.3	1.6	0.0	0.0
78 years of age	1.3	1.9	0.0	0.0	0.0	0.0
79 years of age	0.6	0.6	0.0	0.0	0.0	0.0
80 years of age	1.9	2.5	3.9	3.2	0.0	0.0
More than 80 years of age	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.3

**Mandatory director retirement policy based on tenure, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,815	2016 n=2,630
Companies with a director retirement policy based on tenure	5.1%	5.1%	3.3%	3.3%
No policy	94.9	94.9	96.7	96.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.3a

**Mandatory director retirement policy based on tenure, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=338	2016 n=318	2018 n=106	2016 n=101	2018 n=164	2016 n=149
Companies with a director retirement policy based on tenure	2.8%	2.9%	2.4%	2.5%	4.7%	5.0%	2.4%	2.0%
No policy	97.2	97.1	97.6	97.5	95.3	95.0	97.6	98.0

	Financials		Health care		Industrials		Information technology	
	2018 n=519	2016 n=497	2018 n=421	2016 n=376	2018 n=391	2016 n=373	2018 n=370	2016 n=335
Companies with a director retirement policy based on tenure	1.5%	1.2%	3.1%	3.5%	4.9%	5.1%	3.2%	3.3%
No policy	98.5	98.8	96.9	96.5	95.1	94.9	96.8	96.7

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=180	2018 n=78	2016 n=75
Companies with a director retirement policy based on tenure	6.9%	6.6%	3.2%	2.8%	9.0%	9.3%
No policy	93.1	93.4	96.8	97.2	91.0	90.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.3b

**Mandatory director retirement policy based on tenure, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=982	2016 n=926	2018 n=686	2016 n=635	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a director retirement policy based on tenure	2.5%	2.8%	4.5%	4.7%	5.3%	5.4%	5.5%	4.2%	5.7%	6.6%
No policy	97.5	97.2	95.5	95.3	94.7	94.6	94.5	95.8	94.3	93.4

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=512	2016 n=502	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with a director retirement policy based on tenure	1.2%	1.2%	4.5%	2.9%	2.4%	2.7%
No policy	98.8	98.8	95.5	97.1	97.6	97.3

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.4

**Mandatory director retirement tenure, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=25	2016 n=25	2018 n=92	2016 n=87
3 years	0.0	0.0	4.3%	4.6%
4 years	0.0	0.0	1.1	1.1
5 years	0.0	0.0	1.1	1.1
6 years	4.0%	0.0	2.2	1.1
7 years	0.0	0.0	0.0	0.0
8 years	0.0	0.0	0.0	0.0
9 years	0.0	0.0	0.0	0.0
10 years	16.0	16.0%	15.2	13.8
11 years	0.0	0.0	0.0	0.0
12 years	20.0	24.0	18.5	20.7
13 years	0.0	0.0	0.0	0.0
14 years	4.0	4.0	1.1	1.1
15 years	48.0	48.0	43.5	42.5
16 years	0.0	0.0	2.2	2.3
17 years	0.0	0.0	0.0	0.0
18 years	4.0	4.0	4.3	4.6
19 years	0.0	0.0	0.0	0.0
20 years or longer	4.0	4.0	6.5	6.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.4a

**Mandatory director retirement tenure, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=3	2016 n=3	2018 n=8	2016 n=8	2018 n=5	2016 n=5	2018 n=4	2016 n=3
3 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 years	0.0	0.0	0.0	0.0	0.0	0.0	25.0%	33.3%
6 years	0.0	0.0	0.0	0.0	20.0%	0.0	0.0	0.0
7 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 years	33.3%	33.3%	25.0%	25.0%	20.0	20.0%	0.0	0.0
11 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 years	0.0	0.0	25.0	25.0	0.0	20.0	25.0	33.3
13 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 years	66.7	66.7	37.5	37.5	40.0	40.0	50.0	33.3
16 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18 years	0.0	0.0	0.0	0.0	20.0	20.0	0.0	0.0
19 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20 years or longer	0.0	0.0	12.5	12.5	0.0	0.0	0.0	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=8	2016 n=6	2018 n=12	2016 n=12	2018 n=19	2016 n=19	2018 n=11	2016 n=11
3 years	0.0	0.0	33.3%	33.3%	0.0	0.0	0.0	0.0
4 years	0.0	0.0	0.0	0.0	0.0	0.0	9.1%	9.1%
5 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6 years	0.0	0.0	8.3	8.3	0.0	0.0	0.0	0.0
7 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 years	12.5%	0.0	16.7	16.7	15.8%	10.5%	18.2	18.2
11 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 years	37.5	50.0%	0.0	0.0	10.5	10.5	18.2	18.2
13 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 years	37.5	33.3	25.0	25.0	52.6	57.9	45.5	45.5
16 years	0.0	0.0	8.3	8.3	0.0	0.0	0.0	0.0
17 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18 years	0.0	0.0	0.0	0.0	10.5	10.5	0.0	0.0
19 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20 years or longer	12.5	16.7	8.3	8.3	10.5	10.5	9.1	9.1

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Figure 4.4a (continued)

**Mandatory director retirement tenure, by industry**

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=9	2016 n=8	2018 n=6	2016 n=5	2018 n=7	2016 n=7
3 years	0.0	0.0	0.0	0.0	0.0	0.0
4 years	0.0	0.0	0.0	0.0	0.0	0.0
5 years	0.0	0.0	0.0	0.0	0.0	0.0
6 years	0.0	0.0	0.0	0.0	0.0	0.0
7 years	0.0	0.0	0.0	0.0	0.0	0.0
8 years	0.0	0.0	0.0	0.0	0.0	0.0
9 years	0.0	0.0	0.0	0.0	0.0	0.0
10 years	0.0	0.0	0.0	0.0	28.6%	28.6%
11 years	0.0	0.0	0.0	0.0	0.0	0.0
12 years	22.2%	25.0%	66.7%	80.0%	14.3	14.3
13 years	0.0	0.0	0.0	0.0	0.0	0.0
14 years	0.0	0.0	0.0	0.0	14.3	14.3
15 years	55.6	50.0	33.3	20.0	42.9	42.9
16 years	11.1	12.5	0.0	0.0	0.0	0.0
17 years	0.0	0.0	0.0	0.0	0.0	0.0
18 years	11.1	12.5	0.0	0.0	0.0	0.0
19 years	0.0	0.0	0.0	0.0	0.0	0.0
20 years or longer	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.4b

**Mandatory director retirement tenure, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=23	2016 n=25	2018 n=31	2016 n=30	2018 n=10	2016 n=9	2018 n=7	2016 n=5	2018 n=7	2016 n=7
3 years	17.4%	16.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 years	0.0	0.0	3.2%	3.3%	0.0	0.0	0.0	0.0	0.0	0.0
5 years	0.0	0.0	3.2	3.3	0.0	0.0	0.0	0.0	0.0	0.0
6 years	0.0	0.0	3.2	3.3	0.0	0.0	0.0	0.0	14.3%	0.0
7 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 years	17.4	16.0	19.4	16.7	0.0	0.0	28.6%	40.0%	14.3	14.3%
11 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 years	8.7	8.0	22.6	23.3	0.0	0.0	14.3	20.0	0.0	14.3
13 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 years	0.0	0.0	0.0	0.0	0.0	0.0	14.3	20.0	0.0	0.0
15 years	43.5	44.0	35.5	33.3	80.0%	100.0%	42.9	20.0	42.9	42.9
16 years	8.7	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18 years	0.0	0.0	6.5	10.0	10.0	0.0	0.0	0.0	14.3	14.3
19 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20 years or longer	4.3	8.0	6.5	6.7	10.0	0.0	0.0	0.0	14.3	14.3

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Figure 4.4b (continued)

**Mandatory director retirement tenure, by company size**

Percentage of total

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=6	2016 n=6	2018 n=7	2016 n=4	2018 n=1	2016 n=1
3 years	0.0	0.0	0.0	0.0	0.0	0.0
4 years	0.0	0.0	0.0	0.0	0.0	0.0
5 years	0.0	0.0	0.0	0.0	0.0	0.0
6 years	0.0	0.0	0.0	0.0	0.0	0.0
7 years	0.0	0.0	0.0	0.0	0.0	0.0
8 years	0.0	0.0	0.0	0.0	0.0	0.0
9 years	0.0	0.0	0.0	0.0	0.0	0.0
10 years	16.7%	0.0	0.0	0.0	0.0	0.0
11 years	0.0	0.0	0.0	0.0	0.0	0.0
12 years	50.0	66.7%	57.1%	75.0%	0.0	0.0
13 years	0.0	0.0	0.0	0.0	0.0	0.0
14 years	0.0	0.0	0.0	0.0	0.0	0.0
15 years	33.3	16.7	28.6	25.0	100.0%	100.0%
16 years	0.0	0.0	0.0	0.0	0.0	0.0
17 years	0.0	0.0	0.0	0.0	0.0	0.0
18 years	0.0	0.0	0.0	0.0	0.0	0.0
19 years	0.0	0.0	0.0	0.0	0.0	0.0
20 years or longer	0.0	16.7	14.3	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.5

**Director resignation policy for change of status, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,816	2016 n=2,629
Companies with a policy requiring board members to offer their resignation when their employment status changes	77.2%	73.5%	46.9%	45.8%
No policy	22.8	26.5	53.1	54.2

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.5a

**Director resignation policy for change of status, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=339	2016 n=318	2018 n=106	2016 n=101	2018 n=164	2016 n=149
Companies with a policy requiring board members to offer their resignation when their employment status changes	42.2%	36.9%	55.5%	52.5%	60.4%	54.5%	49.4%	44.3%
No policy	57.8	63.1	44.5	47.5	39.6	45.5	50.6	55.7

	Financials		Health care		Industrials		Information technology	
	2018 n=518	2016 n=497	2018 n=421	2016 n=376	2018 n=392	2016 n=374	2018 n=371	2016 n=335
Companies with a policy requiring board members to offer their resignation when their employment status changes	37.5%	37.4%	37.1%	38.0%	54.8%	53.5%	45.3%	45.7%
No policy	62.5	62.6	62.9	62.0	45.2	46.5	54.7	54.3

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=188	2016 n=179	2018 n=78	2016 n=75
Companies with a policy requiring board members to offer their resignation when their employment status changes	59.2%	59.8%	45.7%	44.1%	60.3%	58.7%
No policy	40.8	40.2	54.3	55.9	39.7	41.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.5b

**Director resignation policy for change of status, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=983	2016 n=926	2018 n=688	2016 n=635	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a policy requiring board members to offer their resignation when their employment status changes	32.3%	32.0%	58.3%	56.7%	64.9%	63.1%	78.1%	77.1%	82.1%	81.1%
No policy	67.7	68.0	41.7	43.3	35.1	36.9	21.9	22.9	17.9	18.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=510	2016 n=501	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with a policy requiring board members to offer their resignation when their employment status changes	32.2%	33.5%	53.9%	48.6%	78.6%	81.1%
No policy	67.8	66.5	46.1	51.4	21.4	18.9

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.6

**Resignation policy for cessation of CEO employment, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,814	2016 n=2,624
Companies with a policy requiring the CEO to resign from the board upon cessation of his/her employment with the company	36.8%	30.0%	22.7%	18.4%
No policy	63.2	70.0	77.3	81.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.6a

**Resignation policy for cessation of CEO employment, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=102	2018 n=339	2016 n=318	2018 n=106	2016 n=101	2018 n=163	2016 n=148
Companies with a policy requiring the CEO to resign from the board upon cessation of his/her employment with the company	17.4%	12.7%	23.3%	19.2%	24.5%	15.8%	25.2%	18.9%
No policy	82.6	87.3	76.7	80.8	75.5	84.2	74.8	81.1

	Financials		Health care		Industrials		Information technology	
	2018 n=518	2016 n=497	2018 n=420	2016 n=375	2018 n=392	2016 n=373	2018 n=371	2016 n=335
Companies with a policy requiring the CEO to resign from the board upon cessation of his/her employment with the company	16.2%	13.5%	27.4%	23.2%	29.3%	21.2%	21.3%	17.9%
No policy	83.8	86.5	72.6	76.8	70.7	78.8	78.7	82.1

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=188	2016 n=178	2018 n=78	2016 n=75
Companies with a policy requiring the CEO to resign from the board upon cessation of his/her employment with the company	22.3%	18.9%	20.2%	18.5%	19.2%	20.0%
No policy	77.7	81.1	79.8	81.5	80.8	80.0

Source: The Conference Board/ESGAUGE, 2019.

OTHER BOARD POLICIES

Figure 4.6b

**Resignation policy for cessation of CEO employment, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=981	2016 n=922	2018 n=688	2016 n=635	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a policy requiring the CEO to resign from the board upon cessation of his/her employment with the company	19.6%	15.2%	26.0%	20.6%	26.6%	22.6%	31.3%	26.3%	46.3%	39.6%
No policy	80.4	84.8	74.0	79.4	73.4	77.4	68.8	73.7	53.7	60.4

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=510	2016 n=500	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with a policy requiring the CEO to resign from the board upon cessation of his/her employment with the company	14.1%	11.8%	24.0%	23.2%	31.0%	24.3%
No policy	85.9	88.2	76.0	76.8	69.0	75.7

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.7

**Director overboarding policy, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,816	2016 n=2,629
Companies with a director overboarding policy	77.4%	76.8%	60.4%	60.5%
No policy	22.6	23.2	39.6	39.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.7a

**Director overboarding policy, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=103	2018 n=339	2016 n=319	2018 n=106	2016 n=101	2018 n=164	2016 n=150
Companies with a director overboarding policy	57.8%	60.2%	66.4%	65.5%	57.5%	55.4%	67.7%	65.3%
No policy	42.2	39.8	33.6	34.5	42.5	44.6	32.3	34.7

	Financials		Health care		Industrials		Information technology	
	2018 n=518	2016 n=497	2018 n=421	2016 n=376	2018 n=391	2016 n=373	2018 n=371	2016 n=335
Companies with a director overboarding policy	49.4%	49.5%	57.5%	58.5%	61.6%	61.4%	61.7%	63.3%
No policy	50.6	50.5	42.5	41.5	38.4	38.6	38.3	36.7

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=180	2018 n=78	2016 n=75
Companies with a director overboarding policy	63.8%	64.8%	72.0%	72.2%	67.9%	68.0%
No policy	36.2	35.2	28.0	27.8	32.1	32.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.7b

**Director overboarding policy, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=983	2016 n=927	2018 n=687	2016 n=635	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a director overboarding policy	50.9%	51.5%	68.4%	68.7%	72.3%	71.4%	78.1%	81.4%	82.9%	82.1%
No policy	49.1	48.5	31.6	31.3	27.7	28.6	21.9	18.6	17.1	17.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=511	2016 n=502	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with a director overboarding policy	49.5%	49.6%	66.9%	69.6%	85.7%	83.8%
No policy	50.5	50.4	33.1	30.4	14.3	16.2

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.8

**Director overboarding: stated numerical limit, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=381	2016 n=374	2018 n=1,700	2016 n=1,591
No other board service permitted	0.5%	0.3%	0.3%	0.1%
Up to 1 other board service permitted	0.5	0.3	0.4	0.3
Up to 2 other board services permitted	4.5	4.8	5.4	5.7
Up to 3 other board services permitted	28.3	28.1	23.5	23.9
Up to 4 other board services permitted	42.8	42.8	32.9	32.2
Up to 5 other board services permitted	6.3	5.9	9.3	8.6
Up to more than 5 other board services permitted	1.8	2.4	2.4	2.3
Other board service permitted, with no limitations	15.2	15.5	25.9	26.8

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.8a

**Director overboarding: stated numerical limit, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=63	2016 n=62	2018 n=225	2016 n=209	2018 n=61	2016 n=56	2018 n=111	2016 n=98
No other board service permitted	0.0	0.0	0.0	0.0	1.6%	1.8%	0.9%	0.0
Up to 1 other board service permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Up to 2 other board services permitted	1.6%	3.2%	6.2%	6.7%	4.9	5.4	3.6	4.1%
Up to 3 other board services permitted	17.5	16.1	26.7	27.3	27.9	28.6	27.9	28.6
Up to 4 other board services permitted	41.3	38.7	33.8	34.0	29.5	30.4	29.7	30.6
Up to 5 other board services permitted	7.9	8.1	10.7	9.1	4.9	3.6	11.7	10.2
Up to more than 5 other board services permitted	6.3	4.8	1.3	1.4	0.0	0.0	3.6	3.1
Other board service permitted, with no limitations	25.4	29.0	21.3	21.5	31.1	30.4	22.5	23.5

	Financials		Health care		Industrials		Information technology	
	2018 n=256	2016 n=246	2018 n=242	2016 n=219	2018 n=241	2016 n=229	2018 n=229	2016 n=212
No other board service permitted	0.0	0.0	0.4%	0.0	0.8%	0.0	0.0	0.0
Up to 1 other board service permitted	1.2%	1.2%	0.0	0.0	0.8	0.9%	0.0	0.0
Up to 2 other board services permitted	10.9	11.8	1.7	1.8%	8.3	7.9	2.6%	2.8%
Up to 3 other board services permitted	30.9	30.5	18.2	18.7	18.7	18.3	19.2	20.3
Up to 4 other board services permitted	29.7	29.3	27.7	26.9	40.2	38.4	40.6	40.1
Up to 5 other board services permitted	5.5	5.3	11.2	10.5	7.9	7.9	11.8	11.3
Up to more than 5 other board services permitted	0.8	2.0	2.1	4.1	5.0	1.7	2.2	1.9
Other board service permitted, with no limitations	21.1	19.9	38.8	37.9	18.3	24.9	23.6	23.6

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Figure 4.8a (continued)

**Director overboarding: stated numerical limit, by industry**

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=83	2016 n=79	2018 n=136	2016 n=130	2018 n=53	2016 n=51
No other board service permitted	0.0	0.0	0.0	0.0	0.0	0.0
Up to 1 other board service permitted	0.0	0.0	0.7%	0.0	0.0	0.0
Up to 2 other board services permitted	2.4%	2.5%	3.7	3.8%	9.4%	7.8%
Up to 3 other board services permitted	32.5	34.2	16.9	17.7	34.0	35.3
Up to 4 other board services permitted	26.5	24.1	23.5	22.3	35.8	37.3
Up to 5 other board services permitted	12.0	11.4	8.8	7.7	7.5	7.8
Up to more than 5 other board services permitted	0.0	0.0	4.4	4.6	0.0	0.0
Other board service permitted, with no limitations	26.5	27.8	41.9	43.8	13.2	11.8

Source: The Conference Board/ESGAUGE, 2019.

OTHER BOARD POLICIES

Figure 4.8b

**Director overboarding: stated numerical limit, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=500	2016 n=477	2018 n=470	2016 n=435	2018 n=136	2016 n=120	2018 n=100	2016 n=96	2018 n=102	2016 n=87
No other board service permitted	0.2%	0.0	0.4%	0.0	0.0	0.0	1.0%	0.0	1.0%	1.1%
Up to 1 other board service permitted	0.0	0.0	0.2	0.2%	0.0	0.8%	1.0	0.0	0.0	0.0
Up to 2 other board services permitted	3.4	5.0%	6.0	5.1	5.9%	2.5	4.0	7.3%	2.0	1.1
Up to 3 other board services permitted	20.2	19.9	20.9	23.7	37.5	35.0	24.0	25.0	22.5	20.7
Up to 4 other board services permitted	26.8	27.0	36.0	33.6	36.8	40.8	48.0	42.7	49.0	54.0
Up to 5 other board services permitted	12.6	11.3	11.5	10.1	2.2	5.0	8.0	7.3	3.9	3.4
Up to more than 5 other board services permitted	3.8	2.7	1.7	1.8	2.2	1.7	1.0	1.0	2.0	2.3
Other board service permitted, with no limitations	33.0	34.0	23.4	25.5	15.4	14.2	13.0	16.7	19.6	17.2

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=253	2016 n=249	2018 n=103	2016 n=96	2018 n=36	2016 n=31
No other board service permitted	0.0	0.0	0.0	0.0	0.0	0.0
Up to 1 other board service permitted	1.2%	1.2%	1.0%	0.0	0.0	0.0
Up to 2 other board services permitted	9.9	9.6	7.8	9.4%	0.0	3.2%
Up to 3 other board services permitted	21.7	22.1	29.1	31.3	47.2%	41.9
Up to 4 other board services permitted	24.5	24.9	30.1	27.1	41.7	41.9
Up to 5 other board services permitted	7.5	6.4	4.9	5.2	5.6	6.5
Up to more than 5 other board services permitted	2.0	2.4	2.9	5.2	0.0	0.0
Other board service permitted, with no limitations	33.2	33.3	24.3	21.9	5.6	6.5

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.9

**CEO overboarding policy, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=494	2016 n=486	2018 n=2,808	2016 n=2,615
Companies with a CEO overboarding policy	22.3%	22.0%	18.0%	17.8%
No policy	77.7	78.0	82.0	82.2

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.9a

**CEO overboarding policy, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=107	2016 n=101	2018 n=339	2016 n=319	2018 n=106	2016 n=101	2018 n=163	2016 n=148
Companies with a CEO overboarding policy	14.0%	13.9%	26.0%	25.1%	18.9%	17.8%	22.1%	21.6%
No policy	86.0	86.1	74.0	74.9	81.1	82.2	77.9	78.4

	Financials		Health care		Industrials		Information technology	
	2018 n=516	2016 n=495	2018 n=420	2016 n=373	2018 n=391	2016 n=372	2018 n=370	2016 n=332
Companies with a CEO overboarding policy	10.5%	10.3%	13.1%	13.7%	23.5%	22.6%	19.5%	19.9%
No policy	89.5	89.7	86.9	86.3	76.5	77.4	80.5	80.1

	Materials		Real estate		Utilities	
	2018 n=129	2016 n=120	2018 n=189	2016 n=180	2018 n=78	2016 n=74
Companies with a CEO overboarding policy	17.8%	18.3%	16.9%	16.1%	24.4%	24.3%
No policy	82.2	81.7	83.1	83.9	75.6	75.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.9b

**CEO overboarding policy, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=979	2016 n=920	2018 n=685	2016 n=630	2018 n=189	2016 n=168	2018 n=127	2016 n=116	2018 n=123	2016 n=106
Companies with a CEO overboarding policy	14.1%	14.2%	25.1%	24.6%	24.3%	22.6%	23.6%	24.1%	27.6%	31.1%
No policy	85.9	85.8	74.9	75.4	75.7	77.4	76.4	75.9	72.4	68.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=510	2016 n=500	2018 n=153	2016 n=138	2018 n=42	2016 n=37
Companies with a CEO overboarding policy	11.8%	11.2%	13.1%	13.8%	14.3%	13.5%
No policy	88.2	88.8	86.9	86.2	85.7	86.5

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.10

**CEO overboarding: stated numerical limit, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=110	2016 n=107	2018 n=506	2016 n=465
No other board service permitted	0.0	0.0	1.2%	1.1%
Up to 1 other board service permitted	40.9%	40.2%	33.6	34.0
Up to 2 other board services permitted	57.3	57.9	59.5	60.0
Up to 3 other board services permitted	1.8	1.9	5.1	4.5
Up to 4 other board services permitted	0.0	0.0	0.2	0.0
Up to 5 other board services permitted	0.0	0.0	0.0	0.0
Up to more than 5 other board services permitted	0.0	0.0	0.0	0.0
Other board service permitted, with no limitations	0.0	0.0	0.4	0.4

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.10a

**CEO overboarding: stated numerical limit, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=15	2016 n=14	2018 n=88	2016 n=80	2018 n=20	2016 n=18	2018 n=36	2016 n=32
No other board service permitted	6.7%	7.1%	3.4%	2.5%	0.0	0.0	2.8%	3.1%
Up to 1 other board service permitted	40.0	42.9	38.6	41.3	40.0%	38.9%	25.0	25.0
Up to 2 other board services permitted	53.3	42.9	53.4	53.8	55.0	61.1	61.1	62.5
Up to 3 other board services permitted	0.0	7.1	4.5	2.5	5.0	0.0	11.1	9.4
Up to 4 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Up to 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Up to more than 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other board service permitted, with no limitations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Financials		Health care		Industrials		Information technology	
	2018 n=54	2016 n=51	2018 n=55	2016 n=51	2018 n=92	2016 n=84	2018 n=72	2016 n=66
No other board service permitted	0.0	0.0	0.0	0.0	1.1%	1.2%	0.0	0.0
Up to 1 other board service permitted	35.2%	37.3%	40.0%	37.3%	39.1	38.1	30.6%	30.3%
Up to 2 other board services permitted	57.4	56.9	60.0	62.7	56.5	57.1	62.5	65.2
Up to 3 other board services permitted	3.7	3.9	0.0	0.0	2.2	2.4	6.9	4.5
Up to 4 other board services permitted	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Up to 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Up to more than 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other board service permitted, with no limitations	1.9	2.0	0.0	0.0	1.1	1.2	0.0	0.0

(Table continues on next page)

## OTHER BOARD POLICIES

Figure 4.10a (continued)

### CEO overboarding: stated numerical limit, by industry

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=23	2016 n=22	2018 n=32	2016 n=29	2018 n=19	2016 n=18
No other board service permitted	0.0	0.0	0.0	0.0	0.0	0.0
Up to 1 other board service permitted	30.4%	27.3%	15.6%	20.7%	10.5%	11.1%
Up to 2 other board services permitted	65.2	68.2	75.0	69.0	68.4	66.7
Up to 3 other board services permitted	4.3	4.5	9.4	10.3	21.1	22.2
Up to 4 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0
Up to 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0
Up to more than 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0
Other board service permitted, with no limitations	0.0	0.0	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

OTHER BOARD POLICIES

Figure 4.10b

**CEO overboarding: stated numerical limit, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=138	2016 n=131	2018 n=172	2016 n=155	2018 n=46	2016 n=38	2018 n=30	2016 n=28	2018 n=34	2016 n=33
No other board service permitted	0.7%	1.5%	2.9%	1.9%	0.0	0.0	0.0	0.0	0.0	0.0
Up to 1 other board service permitted	33.3	36.6	38.4	34.8	37.0%	34.2%	23.3%	32.1%	29.4%	27.3%
Up to 2 other board services permitted	58.7	57.3	54.7	59.4	58.7	57.9	70.0	64.3	67.6	69.7
Up to 3 other board services permitted	7.2	4.6	4.1	3.9	4.3	7.9	6.7	0.0	0.0	3.0
Up to 4 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Up to 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Up to more than 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other board service permitted, with no limitations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	2.9	0.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=60	2016 n=56	2018 n=20	2016 n=19	2018 n=6	2016 n=5
No other board service permitted	0.0	0.0	0.0	0.0	0.0	0.0
Up to 1 other board service permitted	25.0%	28.6%	30.0%	31.6%	50.0%	60.0%
Up to 2 other board services permitted	65.0	62.5	65.0	63.2	50.0	40.0
Up to 3 other board services permitted	6.7	7.1	5.0	5.3	0.0	0.0
Up to 4 other board services permitted	1.7	0.0	0.0	0.0	0.0	0.0
Up to 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0
Up to more than 5 other board services permitted	0.0	0.0	0.0	0.0	0.0	0.0
Other board service permitted, with no limitations	1.7	1.8	0.0	0.0	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.11

**New directorship notification provision, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,816	2016 n=2,632
Companies with a new directorship notification provision	65.2%	65.1%	50.5%	49.8%
No policy	34.8	34.9	49.5	50.2

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.11a

**New directorship notification provision, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=339	2016 n=319	2018 n=106	2016 n=101	2018 n=164	2016 n=149
Companies with a new directorship notification provision	55.0%	52.9%	52.5%	51.4%	53.8%	53.5%	62.2%	62.4%
No policy	45.0	47.1	47.5	48.6	46.2	46.5	37.8	37.6

	Financials		Health care		Industrials		Information technology	
	2018 n=518	2016 n=497	2018 n=421	2016 n=376	2018 n=391	2016 n=373	2018 n=371	2016 n=335
Companies with a new directorship notification provision	42.9%	43.1%	47.7%	47.6%	53.2%	52.3%	50.9%	49.6%
No policy	57.1	56.9	52.3	52.4	46.8	47.7	49.1	50.4

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=181	2018 n=78	2016 n=75
Companies with a new directorship notification provision	47.7%	45.9%	52.9%	51.9%	55.1%	54.7%
No policy	52.3	54.1	47.1	48.1	44.9	45.3

Source: The Conference Board/ESGAUGE, 2019.



Figure 4.11b

**New directorship notification provision, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=983	2016 n=927	2018 n=687	2016 n=635	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a new directorship notification provision	42.5%	42.3%	56.9%	55.4%	61.7%	60.1%	71.9%	72.9%	67.5%	67.9%
No policy	57.5	57.7	43.1	44.6	38.3	39.9	28.1	27.1	32.5	32.1

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=511	2016 n=502	2018 n=154	2016 n=139	2018 n=42	2016 n=37
Companies with a new directorship notification provision	40.5%	40.4%	57.8%	59.0%	61.9%	62.2%
No policy	59.5	59.6	42.2	41.0	38.1	37.8

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.12

**New directorship preapproval provision, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=491	2016 n=484	2018 n=2,812	2016 n=2,626
Companies with a new directorship pre-approval provision	14.3%	13.6%	10.8%	10.4%
No policy	85.7	86.4	89.2	89.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.12a

**New directorship preapproval provision, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=339	2016 n=319	2018 n=106	2016 n=101	2018 n=164	2016 n=149
Companies with a new directorship pre-approval provision	10.1%	10.6%	10.3%	10.0%	11.3%	9.9%	10.4%	9.4%
No policy	89.9	89.4	89.7	90.0	88.7	90.1	89.6	90.6

	Financials		Health care		Industrials		Information technology	
	2018 n=517	2016 n=496	2018 n=420	2016 n=374	2018 n=391	2016 n=373	2018 n=369	2016 n=332
Companies with a new directorship pre-approval provision	9.5%	9.5%	7.9%	7.8%	15.1%	13.9%	10.3%	9.3%
No policy	90.5	90.5	92.1	92.2	84.9	86.1	89.7	90.7

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=181	2018 n=78	2016 n=75
Companies with a new directorship pre-approval provision	11.5%	12.3%	11.6%	11.6%	16.7%	16.0%
No policy	88.5	87.7	88.4	88.4	83.3	84.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.12b

**New directorship preapproval provision, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=981	2016 n=925	2018 n=687	2016 n=634	2018 n=188	2016 n=168	2018 n=128	2016 n=117	2018 n=122	2016 n=105
Companies with a new directorship pre-approval provision	7.3%	6.7%	14.3%	14.5%	12.8%	11.3%	12.5%	12.0%	18.9%	18.1%
No policy	92.7	93.3	85.7	85.5	87.2	88.7	87.5	88.0	81.1	81.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=510	2016 n=501	2018 n=154	2016 n=139	2018 n=42	2016 n=37
Companies with a new directorship pre-approval provision	9.8%	10.0%	11.7%	10.1%	7.1%	10.8%
No policy	90.2	90.0	88.3	89.9	92.9	89.2

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.13

**Skill matrix disclosure, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,847	2016 n=2,659
Companies disclosing a skill matrix to display board composition and diversification of director skills and qualifications	30.2%	14.8%	12.7%	6.5%
No disclosed skill matrix	69.8	85.2	87.3	93.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.13a

**Skill matrix disclosure, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=108	2016 n=103	2018 n=340	2016 n=320	2018 n=107	2016 n=102	2018 n=167	2016 n=152
Companies disclosing a skill matrix to display board composition and diversification of director skills and qualifications	4.6%	3.9%	15.9%	6.6%	11.2%	7.8%	16.8%	7.9%
No disclosed skill matrix	95.4	96.1	84.1	93.4	88.8	92.2	83.2	92.1

	Financials		Health care		Industrials		Information technology	
	2018 n=525	2016 n=501	2018 n=432	2016 n=386	2018 n=395	2016 n=377	2018 n=375	2016 n=341
Companies disclosing a skill matrix to display board composition and diversification of director skills and qualifications	10.5%	6.4%	6.0%	2.6%	14.4%	7.7%	12.0%	6.2%
No disclosed skill matrix	89.5	93.6	94.0	97.4	85.6	92.3	88.0	93.8

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=123	2018 n=189	2016 n=180	2018 n=78	2016 n=74
Companies disclosing a skill matrix to display board composition and diversification of director skills and qualifications	18.3%	7.3%	19.0%	8.3%	25.6%	14.9%
No disclosed skill matrix	81.7	92.7	81.0	91.7	74.4	85.1

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.13b

**Skill matrix disclosure, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=997	2016 n=946	2018 n=697	2016 n=641	2018 n=188	2016 n=167	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies disclosing a skill matrix to display board composition and diversification of director skills and qualifications	5.0%	2.3%	14.3%	6.6%	21.3%	10.8%	28.9%	14.4%	35.8%	24.5%
No disclosed skill matrix	95.0	97.7	85.7	93.4	78.7	89.2	71.1	85.6	64.2	75.5

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=518	2016 n=506	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies disclosing a skill matrix to display board composition and diversification of director skills and qualifications	9.7%	4.9%	17.5%	10.1%	33.3%	21.6%
No disclosed skill matrix	90.3	95.1	82.5	89.9	66.7	78.4

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.14

**Exclusive forum (forum selection) bylaws, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,831	2016 n=2,644
Companies with an exclusive forum (forum selection) bylaws	36.7%	35.5%	37.4%	33.5%
No bylaws	63.3	64.5	62.6	66.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.14a

**Exclusive forum (forum selection) bylaws, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=108	2016 n=103	2018 n=336	2016 n=317	2018 n=107	2016 n=102	2018 n=166	2016 n=152
Companies with an exclusive forum (forum selection) bylaws	43.5%	41.7%	36.6%	33.4%	29.9%	29.4%	44.6%	41.4%
No bylaws	56.5	58.3	63.4	66.6	70.1	70.6	55.4	58.6

	Financials		Health care		Industrials		Information technology	
	2018 n=520	2016 n=495	2018 n=431	2016 n=385	2018 n=394	2016 n=377	2018 n=374	2016 n=339
Companies with an exclusive forum (forum selection) bylaws	25.0%	22.2%	49.7%	44.9%	35.8%	31.3%	42.8%	37.5%
No bylaws	75.0	77.8	50.3	55.1	64.2	68.7	57.2	62.5

	Materials		Real estate		Utilities	
	2018 n=129	2016 n=120	2018 n=188	2016 n=179	2018 n=78	2016 n=75
Companies with an exclusive forum (forum selection) bylaws	42.6%	35.8%	35.6%	31.8%	19.2%	20.0%
No bylaws	57.4	64.2	64.4	68.2	80.8	80.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.14b

**Exclusive forum (forum selection) bylaws, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=991	2016 n=941	2018 n=695	2016 n=638	2018 n=186	2016 n=167	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with an exclusive forum (forum selection) bylaws	43.6%	36.5%	39.0%	37.3%	40.9%	38.9%	31.3%	33.9%	34.1%	30.2%
No bylaws	56.4	63.5	61.0	62.7	59.1	61.1	68.8	66.1	65.9	69.8

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=512	2016 n=499	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with an exclusive forum (forum selection) bylaws	26.2%	22.8%	31.8%	28.3%	33.3%	37.8%
No bylaws	73.8	77.2	68.2	71.7	66.7	62.2

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.15

**Director orientation and continuing education, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=492	2016 n=487	2018 n=2,814	2016 n=2,630
Orientation and continuing education programs are organized in-house, with help from other board members, senior executives or other employees	67.7%	66.5%	67.3%	66.2%
Orientation and continuing education programs are developed by an outside education provider	3.9	4.1	1.1	1.2
Orientation and continuing education programs use a combination of in-house and outside resources	24.4	25.3	11.7	12.4
No policy on director orientation or continuing education	4.1	4.1	19.9	20.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.15a

**Director orientation and continuing education, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=103	2018 n=338	2016 n=319	2018 n=106	2016 n=101	2018 n=164	2016 n=149
Orientation and continuing education programs are organized in-house, with help from other board members, senior executives or other employees	67.9%	68.0%	71.3%	70.2%	66.0%	65.3%	76.8%	74.5%
Orientation and continuing education programs are developed by an outside education provider	0.0	0.0	1.5	1.6	0.9	1.0	1.2	1.3
Orientation and continuing education programs use a combination of in-house and outside resources	12.8	13.6	11.2	11.3	11.3	10.9	9.8	11.4
No policy on director orientation or continuing education	19.3	18.4	16.0	16.9	21.7	22.8	12.2	12.8

	Financials		Health care		Industrials		Information technology	
	2018 n=518	2016 n=496	2018 n=421	2016 n=375	2018 n=392	2016 n=374	2018 n=369	2016 n=335
Orientation and continuing education programs are organized in-house, with help from other board members, senior executives or other employees	56.6%	55.6%	62.0%	61.1%	68.6%	68.4%	67.8%	65.4%
Orientation and continuing education programs are developed by an outside education provider	0.4	0.4	1.0	1.1	1.3	1.1	1.4	1.5
Orientation and continuing education programs use a combination of in-house and outside resources	12.9	13.7	7.6	8.3	13.3	13.4	13.3	14.6
No policy on director orientation or continuing education	30.1	30.2	29.5	29.6	16.8	17.1	17.6	18.5

(Table continues on next page)



Figure 4.15a (continued)

**Director orientation and continuing education, by industry**

Percentage of total

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=181	2018 n=78	2016 n=75
Orientation and continuing education programs are organized in-house, with help from other board members, senior executives or other employees	78.5%	76.2%	83.1%	81.2%	65.4%	66.7%
Orientation and continuing education programs are developed by an outside education provider	0.0	0.0	2.6	2.8	3.8	4.0
Orientation and continuing education programs use a combination of in-house and outside resources	13.8	14.8	10.6	11.6	14.1	13.3
No policy on director orientation or continuing education	7.7	9.0	3.7	4.4	16.7	16.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.15b

**Director orientation and continuing education, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=981	2016 n=925	2018 n=687	2016 n=636	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Orientation and continuing education programs are organized in-house, with help from other board members, senior executives or other employees	63.4%	61.6%	73.9%	73.7%	74.5%	78.0%	70.3%	66.9%	68.3%	65.1%
Orientation and continuing education programs are developed by an outside education provider	0.5	0.4	1.2	1.4	1.6	1.2	5.5	5.9	1.6	1.9
Orientation and continuing education programs use a combination of in-house and outside resources	5.5	7.0	13.2	13.1	18.6	15.5	20.3	23.7	29.3	32.1
No policy on director orientation or continuing education	30.6	30.9	11.6	11.8	5.3	5.4	3.9	3.4	0.8	0.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=511	2016 n=501	2018 n=154	2016 n=139	2018 n=42	2016 n=37
Orientation and continuing education programs are organized in-house, with help from other board members, senior executives or other employees	64.6%	62.1%	59.7%	64.0%	66.7%	62.2%
Orientation and continuing education programs are developed by an outside education provider	0.6	0.6	1.9	2.2	2.4	2.7
Orientation and continuing education programs use a combination of in-house and outside resources	6.3	8.6	27.9	24.5	28.6	32.4
No policy on director orientation or continuing education	28.6	28.7	10.4	9.4	2.4	2.7

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.16

**Director indemnification policy, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,847	2016 n=2,661
Companies with a director indemnification policy	97.4%	97.1%	96.5%	96.0%
No policy	2.6	2.9	3.5	4.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.16a

**Director indemnification policy, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=340	2016 n=321	2018 n=107	2016 n=102	2018 n=167	2016 n=152
Companies with a director indemnification policy	95.4%	96.2%	96.5%	96.6%	95.3%	95.1%	97.0%	96.1%
No policy	4.6	3.8	3.5	3.4	4.7	4.9	3.0	3.9

	Financials		Health care		Industrials		Information technology	
	2018 n=526	2016 n=502	2018 n=432	2016 n=386	2018 n=394	2016 n=376	2018 n=375	2016 n=341
Companies with a director indemnification policy	95.4%	95.2%	97.2%	96.9%	96.2%	95.5%	97.9%	97.4%
No policy	4.6	4.8	2.8	3.1	3.8	4.5	2.1	2.6

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=180	2018 n=78	2016 n=75
Companies with a director indemnification policy	99.2%	97.5%	97.4%	96.1%	89.7%	89.3%
No policy	0.8	2.5	2.6	3.9	10.3	10.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.16b

**Director indemnification policy, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=998	2016 n=947	2018 n=696	2016 n=641	2018 n=187	2016 n=167	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a director indemnification policy	96.5%	96.1%	96.8%	96.3%	96.8%	95.8%	97.7%	98.3%	95.9%	95.3%
No policy	3.5	3.9	3.2	3.7	3.2	4.2	2.3	1.7	4.1	4.7

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=507	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with a director indemnification policy	95.6%	95.7%	96.1%	93.5%	100.0%	100.0%
No policy	4.4	4.3	3.9	6.5	0.0	0.0

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.17

**Policy on advancement of legal fees, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,846	2016 n=2,660
Companies with a policy for the advancement of legal fees incurred by directors	88.6%	87.9%	87.4%	86.1%
No policy	11.4	12.1	12.6	13.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.17a

**Policy on advancement of legal fees, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=340	2016 n=321	2018 n=107	2016 n=102	2018 n=167	2016 n=152
Companies with a policy for the advancement of legal fees incurred by directors	86.2%	85.6%	89.1%	88.8%	85.0%	82.4%	90.4%	86.8%
No policy	13.8	14.4	10.9	11.2	15.0	17.6	9.6	13.2

	Financials		Health care		Industrials		Information technology	
	2018 n=526	2016 n=502	2018 n=431	2016 n=385	2018 n=394	2016 n=376	2018 n=375	2016 n=341
Companies with a policy for the advancement of legal fees incurred by directors	82.5%	81.7%	90.3%	89.4%	85.3%	84.8%	89.6%	88.3%
No policy	17.5	18.3	9.7	10.6	14.7	15.2	10.4	11.7

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=180	2018 n=78	2016 n=75
Companies with a policy for the advancement of legal fees incurred by directors	91.5%	89.3%	93.1%	90.0%	73.1%	73.3%
No policy	8.5	10.7	6.9	10.0	26.9	26.7

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.17b

**Policy on advancement of legal fees, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=997	2016 n=946	2018 n=696	2016 n=641	2018 n=187	2016 n=167	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a policy for the advancement of legal fees incurred by directors	87.8%	86.2%	88.2%	87.1%	90.4%	89.8%	89.8%	91.5%	83.7%	82.1%
No policy	12.2	13.8	11.8	12.9	9.6	10.2	10.2	8.5	16.3	17.9

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=507	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with a policy for the advancement of legal fees incurred by directors	85.2%	83.6%	84.4%	82.6%	90.5%	91.9%
No policy	14.8	16.4	15.6	17.4	9.5	8.1

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.18

**Limitation on director liability, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,840	2016 n=2,652
Companies with a policy limiting directors' personal liability	88.0%	84.8%	82.5%	80.4%
No policy	12.0	15.2	17.5	19.6

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.18a

**Limitation on director liability, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=341	2016 n=322	2018 n=106	2016 n=101	2018 n=163	2016 n=147
Companies with a policy limiting directors' personal liability	85.3%	86.5%	83.0%	81.7%	80.2%	77.2%	83.4%	82.3%
No policy	14.7	13.5	17.0	18.3	19.8	22.8	16.6	17.7

	Financials		Health care		Industrials		Information technology	
	2018 n=526	2016 n=502	2018 n=431	2016 n=384	2018 n=393	2016 n=375	2018 n=374	2016 n=340
Companies with a policy limiting directors' personal liability	75.3%	74.5%	88.4%	85.9%	80.7%	78.4%	83.7%	79.7%
No policy	24.7	25.5	11.6	14.1	19.3	21.6	16.3	20.3

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=180	2018 n=78	2016 n=75
Companies with a policy limiting directors' personal liability	82.3%	78.7%	88.9%	86.1%	80.8%	80.0%
No policy	17.7	21.3	11.1	13.9	19.2	20.0

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.18b

**Limitation on director liability, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=996	2016 n=941	2018 n=690	2016 n=637	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a policy limiting directors' personal liability	82.8%	80.8%	81.4%	80.7%	90.4%	83.9%	89.8%	84.7%	86.2%	83.0%
No policy	17.2	19.2	18.6	19.3	9.6	16.1	10.2	15.3	13.8	17.0

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=507	2018 n=154	2016 n=138	2018 n=42	2016 n=37
Companies with a policy limiting directors' personal liability	79.2%	78.5%	77.3%	70.3%	81.0%	91.9%
No policy	20.8	21.5	22.7	29.7	19.0	8.1

Source: The Conference Board/ESGAUGE, 2019.



## OTHER BOARD POLICIES

Figure 4.19

**Board diversity policy, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,851	2016 n=2,666
Companies with a diversity policy for the selection of directors	52.1%	44.7%	32.6%	29.5%
No policy	47.9	55.3	67.4	70.5

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.19a

**Board diversity policy, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=341	2016 n=322	2018 n=107	2016 n=102	2018 n=167	2016 n=152
Companies with a diversity policy for the selection of directors	25.7%	26.9%	34.0%	32.9%	27.1%	24.5%	41.9%	33.6%
No policy	74.3	73.1	66.0	67.1	72.9	75.5	58.1	66.4

	Financials		Health care		Industrials		Information technology	
	2018 n=526	2016 n=502	2018 n=432	2016 n=386	2018 n=396	2016 n=378	2018 n=375	2016 n=341
Companies with a diversity policy for the selection of directors	29.5%	26.7%	33.1%	32.6%	32.1%	30.2%	27.5%	23.8%
No policy	70.5	73.3	66.9	67.4	67.9	69.8	72.5	76.2

	Materials		Real estate		Utilities	
	2018 n=131	2016 n=123	2018 n=189	2016 n=181	2018 n=78	2016 n=75
Companies with a diversity policy for the selection of directors	39.7%	31.7%	34.9%	27.1%	52.6%	45.3%
No policy	60.3	68.3	65.1	72.9	47.4	54.7

Source: The Conference Board/ESGAUGE, 2019.

OTHER BOARD POLICIES

Figure 4.19b

**Board diversity policy, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=1,000	2016 n=949	2018 n=697	2016 n=642	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies with a diversity policy for the selection of directors	24.7%	21.5%	34.9%	33.8%	43.1%	45.2%	53.9%	49.2%	56.1%	46.2%
No policy	75.3	78.5	65.1	66.2	56.9	54.8	46.1	50.8	43.9	53.8

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=507	2018 n=154	2016 n=139	2018 n=42	2016 n=37
Companies with a diversity policy for the selection of directors	26.0%	23.5%	40.9%	35.3%	54.8%	40.5%
No policy	74.0	76.5	59.1	64.7	45.2	59.5

Source: The Conference Board/ESGAUGE, 2019.

## OTHER BOARD POLICIES

Figure 4.20

**Director eligibility for matching gift program, by index**

Percentage of total

	S&P 500		Russell 3000	
	2018 n=493	2016 n=488	2018 n=2,847	2016 n=2,659
Companies permitting directors to participate in the matching gift program	27.8%	27.9%	7.6%	8.1%
Not disclosed	72.2	72.1	92.4	91.9

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.20a

**Director eligibility for matching gift program, by industry**

Percentage of total

	Communication services		Consumer discretionary		Consumer staples		Energy	
	2018 n=109	2016 n=104	2018 n=340	2016 n=321	2018 n=107	2016 n=102	2018 n=167	2016 n=152
Companies permitting directors to participate in the matching gift program	12.8%	13.5%	5.0%	5.3%	13.1%	11.8%	13.2%	15.8%
Not disclosed	87.2	86.5	95.0	94.7	86.9	88.2	86.8	84.2

	Financials		Health care		Industrials		Information technology	
	2018 n=526	2016 n=501	2018 n=432	2016 n=386	2018 n=396	2016 n=377	2018 n=373	2016 n=339
Companies permitting directors to participate in the matching gift program	6.1%	5.8%	4.9%	5.4%	10.9%	10.1%	3.5%	5.0%
Not disclosed	93.9	94.2	95.1	94.6	89.1	89.9	96.5	95.0

	Materials		Real estate		Utilities	
	2018 n=130	2016 n=122	2018 n=189	2016 n=180	2018 n=78	2016 n=75
Companies permitting directors to participate in the matching gift program	14.6%	17.2%	3.2%	2.8%	19.2%	22.7%
Not disclosed	85.4	82.8	96.8	97.2	80.8	77.3

Source: The Conference Board/ESGAUGE, 2019.

Figure 4.20b

**Director eligibility for matching gift program, by company size**

Percentage of total

	ANNUAL REVENUE									
	Under \$1 billion		\$1 billion to \$4.9 billion		\$5 billion to \$9.9 billion		\$10 billion to \$19.9 billion		\$20 billion and over	
	2018 n=998	2016 n=947	2018 n=695	2016 n=639	2018 n=188	2016 n=168	2018 n=128	2016 n=118	2018 n=123	2016 n=106
Companies permitting directors to participate in the matching gift program	0.6%	0.6%	8.5%	9.2%	15.4%	20.2%	27.3%	30.5%	39.8%	43.4%
Not disclosed	99.4	99.4	91.5	90.8	84.6	79.8	72.7	69.5	60.2	56.6

	ASSET VALUE					
	Under \$10 billion		\$10 billion to \$99 billion		\$100 billion and over	
	2018 n=519	2016 n=507	2018 n=154	2016 n=137	2018 n=42	2016 n=37
Companies permitting directors to participate in the matching gift program	2.1%	1.8%	7.1%	8.0%	38.1%	37.8%
Not disclosed	97.9	98.2	92.9	92.0	61.9	62.2

Source: The Conference Board/ESGAUGE, 2019.

## About the Author

**Matteo Tonello** is Managing Director of Corporate Leadership at The Conference Board. In his role, Tonello advises members of The Conference Board on issues of corporate governance, risk management, corporate sustainability, and citizenship. He regularly participates as a speaker and moderator in educational programs on best practices and conducts analyses and research in collaboration with leading corporations, institutional investors, and professional firms.

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## Acknowledgments

The author is grateful to Charles Elson, Ann Mulé, and Louisa K. Cresson of the Weinberg Center for Corporate Governance of the University of Delaware; Jon Lukomnik of the former Investor Responsibility Research Center Institute (IRRCi); Justus O'Brien and Rusty O'Kelley of Russell Reynolds Associates; and Paul Rodel of Debevoise & Plimpton for believing in this project and supporting its development. This study is based on an extensive collection and manipulation of data across a large universe of public disclosure documents, which would not have been possible without the hard work of the team of researchers and analysts at data-mining firm ESGAUGE. Additional thanks to Steve Odland, Doug Chia, and Gary Larkin of The Conference Board for their thorough review and helpful comments.

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**Editor** Sara Churchville  
**Graphics** Ray Vella, Peter Drubin  
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R-1687-19  
ISBN: 978-0-8237-1387-5  
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