



R. McConnell Group PLLC

The Board Governance Index

Risk and Oversight

What 2,969 public companies say could hurt them, which committee they put in charge of each risk, and what the charter lets that committee do

2,969

companies

16,586

documents

94,017

risk factors

636,424

facts taken from them

Three documents

The annual report names the risk. The proxy names the committee in charge. The charter says what that committee may do



Two more documents. Since December 2023 the annual report must also name the committee in charge of cybersecurity, so that one risk gets answered twice. And a company files an 8-K under Item 1.05 after a cyber attack. That is the only document here that reports something that happened.

Line the five up by company and by risk. One question follows. How many risks does a company call serious without putting anyone in charge of them?

Five sources, read end to end

Proxy statements, annual reports, current reports and committee charters

Source	Documents	Companies	Years
Proxy statements, DEF 14A	5,564	2,737	2024 and 2025
Annual reports, Item 1A risk factors	5,257	2,576	two fiscal years
Annual reports, Item 1C cybersecurity	2,673	2,673	one fiscal year
Committee charters, as published	3,039	860	as in force
Current reports, Item 1.05 incidents	53	37	since Dec 2023
Total documents	16,586		

Russell 3000. Proxy statements, annual reports and current reports filed with the SEC, plus committee charters the companies publish

01

What companies call risky

01

94,017 risk factors, nine kinds

02

Nine in ten name cybersecurity

03

Three in ten name AI

04

And half of what they write on AI is new

Nine companies in ten name a cybersecurity risk. Three in ten name AI

What companies tell investors could hurt them

Risk	Companies	Share of companies	Risk factors
Enterprise risk	2,555	99.2%	75,400
Human capital	2,238	86.9%	3,950
Cybersecurity	2,219	86.1%	3,299
Climate and environmental	1,901	73.8%	3,657
Geopolitical	1,880	73.0%	3,955
ESG	1,186	46.0%	1,421
Data privacy	933	36.2%	1,080
Artificial intelligence	793	30.8%	978

94,017 risk factors, from 2,576 companies

Last year they filed 90,002. The year-on-year comparison overleaf runs on the 88,512 where both years are on file

Geopolitical is bigger than it looks

1,880 companies name it, nearly as many as name climate. It runs to more risk factors than cybersecurity

Four fifths are plain business risk

75,400 of the 94,017. The other eight kinds are the ones a board can hand to a committee

1,880 companies name a geopolitical risk. Fifty-three name a committee

1,880

Name a geopolitical risk in the annual report

53

Name a committee or the board for it

98%

Of the risks they name have no committee in charge

3 in 4

Of the 53 name the full board rather than a committee

The widest gap of any risk

On cybersecurity, 11% of named risks have no committee in charge. On geopolitical, 98% do not

Three in four name the whole board

Of the 53, thirty-nine name the full board and eight name audit. Naming the full board means no one committee has the job

Who has it	Companies
The full board	39
Audit	8
Every other committee together	6

And it is the fastest-growing risk after AI

874 of the 3,955 geopolitical risk factors are new this year, second only to artificial intelligence

Proxy year 2025. A quote counts only where it names a board or a committee and a cross-border risk: war, sanctions, tariffs, export controls, expropriation. Sampling the companies the first pass did not flag puts the full figure at about 64. Russell 3000. Proxy statements, annual reports and current reports filed with the SEC, plus committee charters the companies publish

More than half of what companies write about AI is new this year

Risk factors with no match in last year's annual report

Risk	Risk factors	New this year	Share new	Companies
Artificial intelligence	929	526	56.6%	763
ESG	1,348	418	31.0%	1,128
Geopolitical	3,715	874	23.5%	1,781
Data privacy	1,020	221	21.7%	888
Cybersecurity	3,119	600	19.2%	2,104
Climate and environmental	3,444	503	14.6%	1,805
Enterprise risk	70,943	10,259	14.5%	2,426
Human capital	3,729	477	12.8%	2,124
Every risk	88,512	13,961	15.8%	2,576

Artificial intelligence runs 3.6 times the average

Across all 88,512 risk factors, 15.8% are new. For artificial intelligence it is 56.6%, and no other risk is above a third

Geopolitical writes more than AI

874 new risk factors against 526 on artificial intelligence. Only enterprise risk, the general bucket, produced more

The older risks are stable

Human capital, climate and enterprise risk all sit below the 15.8% average. Companies are not rewriting what they already say

02

No committee named

01

Two out of five risks have no committee

02

Small companies name one half as often

03

Drug companies name one least of all

04

And the newest risks fare worst

Two out of five serious risks have no committee named for them

The company names the risk in its annual report. The proxy never says which committee, or the board, is in charge of it

44%

Of serious risks have no committee in charge, as counted. 45.1% corrected

6,023

Cases, one company and one risk at a time

13,610

Cases where the company named the risk

2,776

Cases the other way round: a committee, but no risk

What this means

Nobody is named in writing. Someone may still do the work. But the same people signed both documents in the same year, and the two do not match

It runs both ways

2,776 times a company put a committee in charge of a risk it never told investors was serious

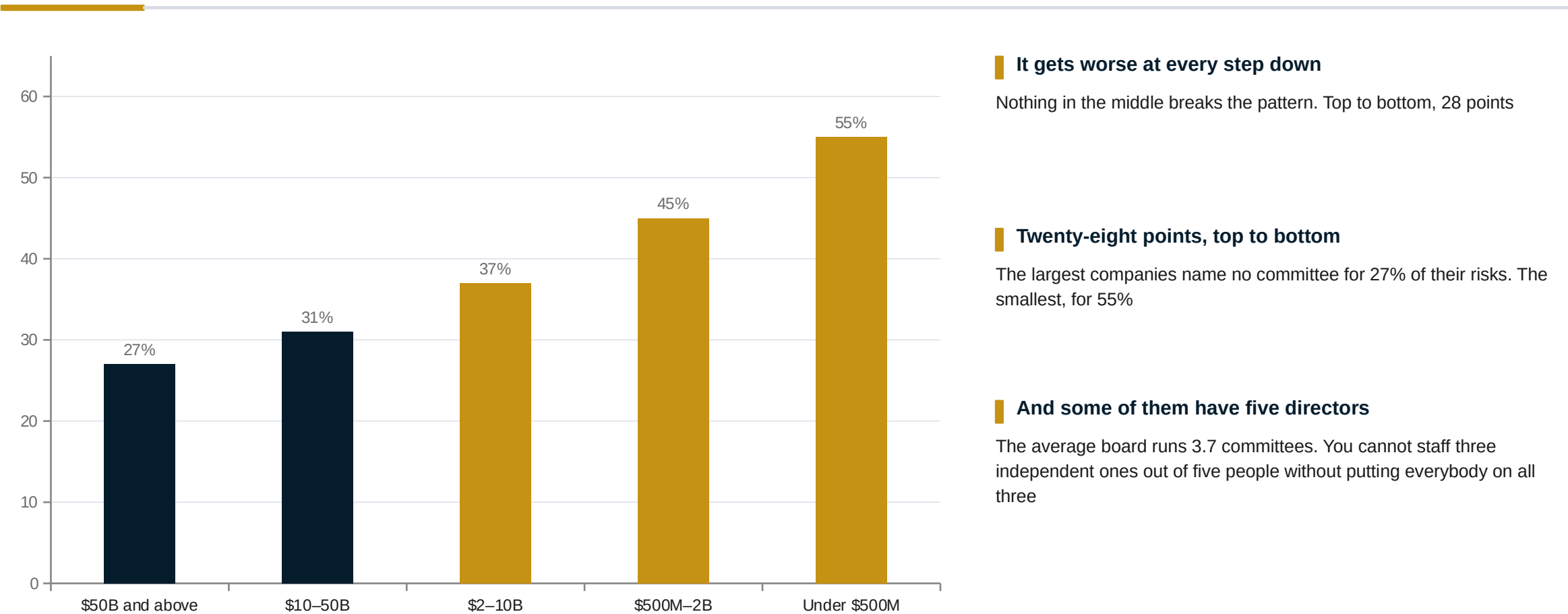
Nine kinds of risk

Cybersecurity, data privacy, artificial intelligence, climate, human capital, ESG, geopolitical, enterprise risk and everything else. A company and a kind of risk make one case

Every company and every risk falls into one of five groups	Cases	Share
Names the risk, and names a committee for it	7,587	33%
Names the risk, and names no committee	6,023	26%
Names a committee for a risk it never lists	2,776	12%
Neither document mentions the risk	6,546	28%
Held apart: annual report on file, no proxy at all	252	1%

Small companies name a committee far less often

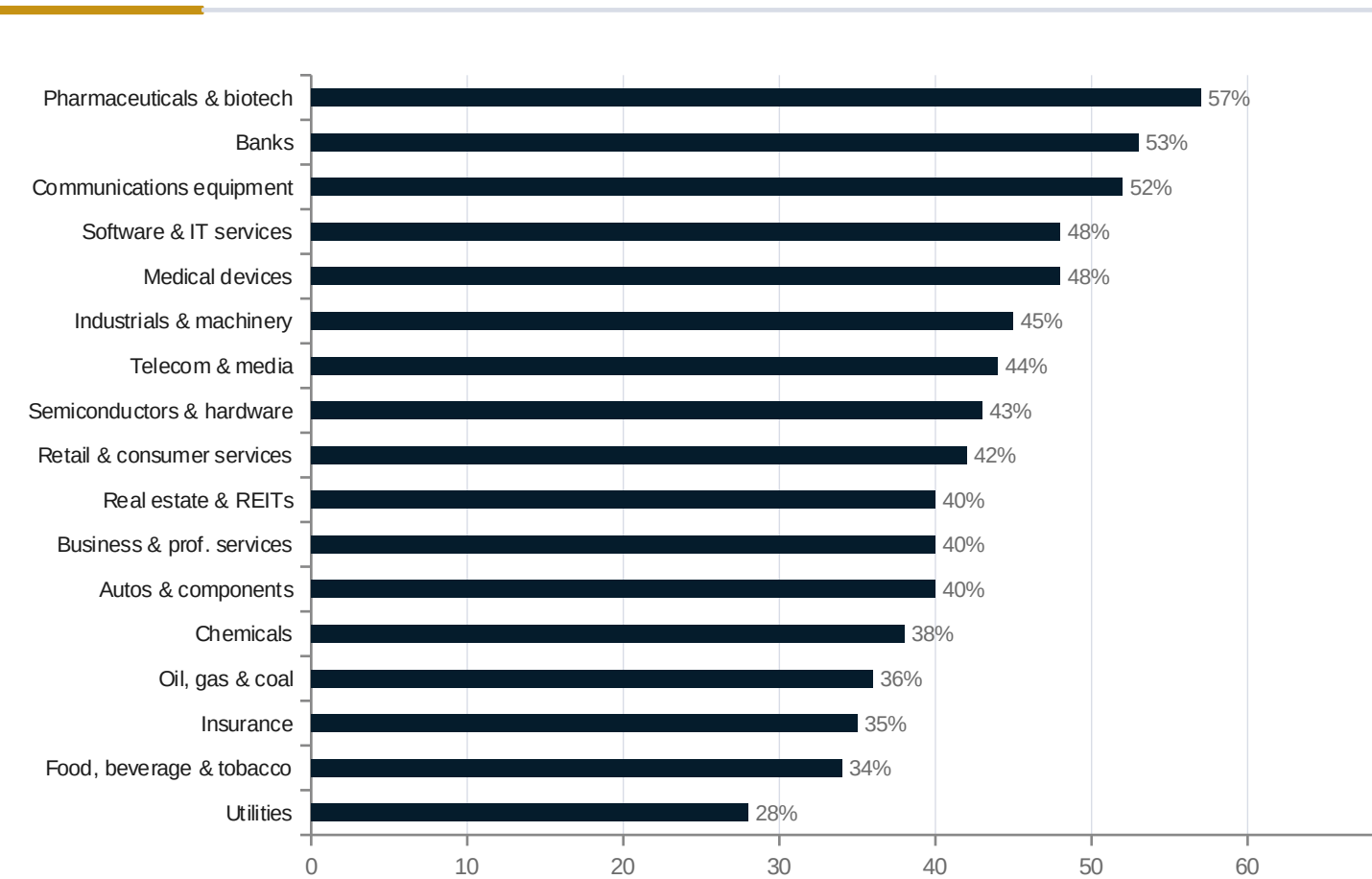
Share of named risks with no committee in charge, by revenue



Russell 3000. Proxy statements, annual reports and current reports filed with the SEC, plus committee charters the companies publish

Drug companies name no committee for 57% of risks. Utilities, 28%

Share of named risks with no committee in charge, by industry



Seventeen industries here, twenty-seven in the tables

Each one with the number of companies behind it

Twenty-nine points, top to bottom

The same nine risks, the same year, and one industry names a committee twice as often as the other

Utilities sit lowest

Utilities, food and drink, insurance and oil and gas fill the bottom. Banks sit second from the top, so this is not simply about having a regulator

The newer the risk, the fewer committees, and it worsens with size

Share of named risks with no committee in charge, by risk and company size

The risk	\$50B+	\$10–50B	\$2–10B	\$500M–2B	Under \$500M
Geopolitical	94%	95%	95%	99%	100%
Artificial intelligence	47%	68%	79%	85%	93%
Climate and environmental	34%	39%	57%	72%	90%
Data privacy	46%	58%	59%	68%	76%
Human capital	14%	16%	30%	47%	70%
ESG	10%	10%	17%	27%	46%
Cybersecurity	2%	3%	5%	8%	21%
Enterprise risk	0%	1%	0%	1%	0%

The top row and the bottom row are the same companies, in the same document, in the same year. Nearly every company of every size names a committee for enterprise risk. That is settled practice. On artificial intelligence, only the largest companies come close, and even they leave 47% without one.

03

What changed

01

Companies named 265 committees for AI

02

Governance and pay gained the work

03

Audit and the full board lost it

04

And a quarter of it moved in one year

265 companies put a committee in charge of AI. 13 dropped it

Companies naming a committee for each risk, this year against last year

Risk	2024	2025	Named a committee	Dropped it	Net
Artificial intelligence	75	327	265	13	+252
Human capital	1,243	1,328	235	150	+85
Cybersecurity	2,128	2,205	101	24	+77
Geopolitical	47	52	26	21	+5
Enterprise risk	2,468	2,470	8	6	+2
Data privacy	713	691	154	176	-22
ESG	1,755	1,680	95	170	-75
Climate and environmental	812	710	92	194	-102

One risk moves one way

On artificial intelligence the companies adding it outnumber the ones dropping it twenty to one. Everywhere else the two columns are close

Climate and ESG went backwards

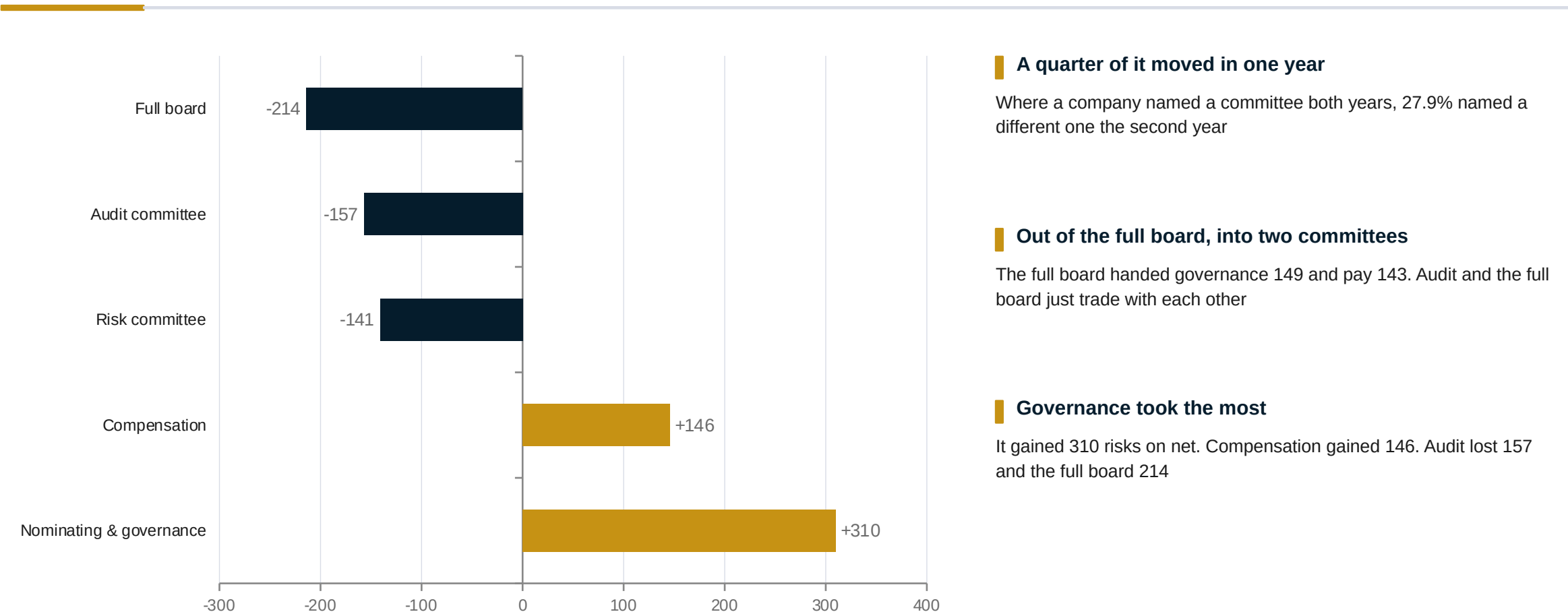
Twice as many companies dropped climate as took it on. ESG ran the same way

Enterprise risk never moves

Eight companies added it and six dropped it, out of 2,477. Once a risk is settled it stays where it is

The governance and pay committees gained the most risks

Risks gained minus risks lost between the two years



Gained minus lost across the same 2,477 companies in both years, both years read the same way. Russell 3000. Proxy statements, annual reports and current reports filed with the SEC, plus committee charters the companies publish

Four times as many companies put a committee in charge of AI

Companies naming a committee, or the full board, for artificial intelligence

4.3×

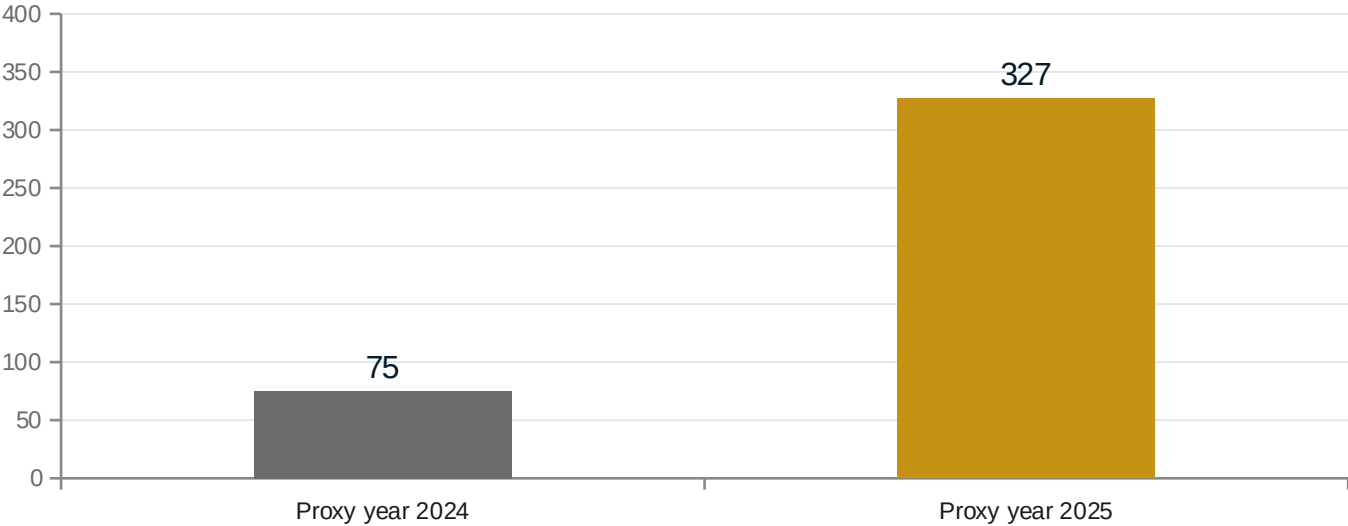
The increase in one year, corrected for reading accuracy

75 → 327

Companies naming a committee, as counted

3% → 13%

Share of the same companies both years



Which committee gets it

The audit committee takes 39% and the full board 30%. Only 38 companies give it to a technology committee, because only 190 have one

What moved is the companies

The same 2,477 companies, read the same way both years

The risk and the committee arrive together

57% of this year's AI risks are new. Companies name the risk and name the committee in the same year

The same 2,477 companies in both years, both years read the same way. Two years is one step, not a trend. Russell 3000. Proxy statements, annual reports and current reports filed with the SEC, plus committee charters the companies publish

Companies agree which committee gets cybersecurity. Not so for AI

Which committee has it, among the companies that name one

Cybersecurity

89%

of companies name a committee

Which committee	Share
Audit committee	68%
Full board	15%
Risk committee	8%
Technology committee	4%

Artificial intelligence

13%

of companies name a committee

Which committee	Share
Audit committee	39%
Full board	30%
Technology committee	11%
Risk committee	10%

Two thirds of companies give cybersecurity to the audit committee. Artificial intelligence splits almost evenly between the audit committee and the full board. Naming the full board means no one committee has the job

04

The charter

01

3,039 charters read

02

They say what a committee may do

03

Two thirds were changed this year

04

And the proxy often claims more

The charter says what a committee may do

Read from the companies' own websites

3,039

Charters read, from 860 companies

86,697

Duties written into them

29%

Of companies, and 27% of the committees they disclose

3.5

Charters per company, where we found any

Where the other 2,109 companies stand	Companies	Share
No charter address anywhere on the company's own site	1,965	66%
An address, and no charter we could read from it	144	5%

Twenty-nine duties in the average charter

86,697 across 3,039 charters. They set out what a committee must do, who sits on it, how often it meets, and what it may decide on its own

The charter often does not give the committee the job

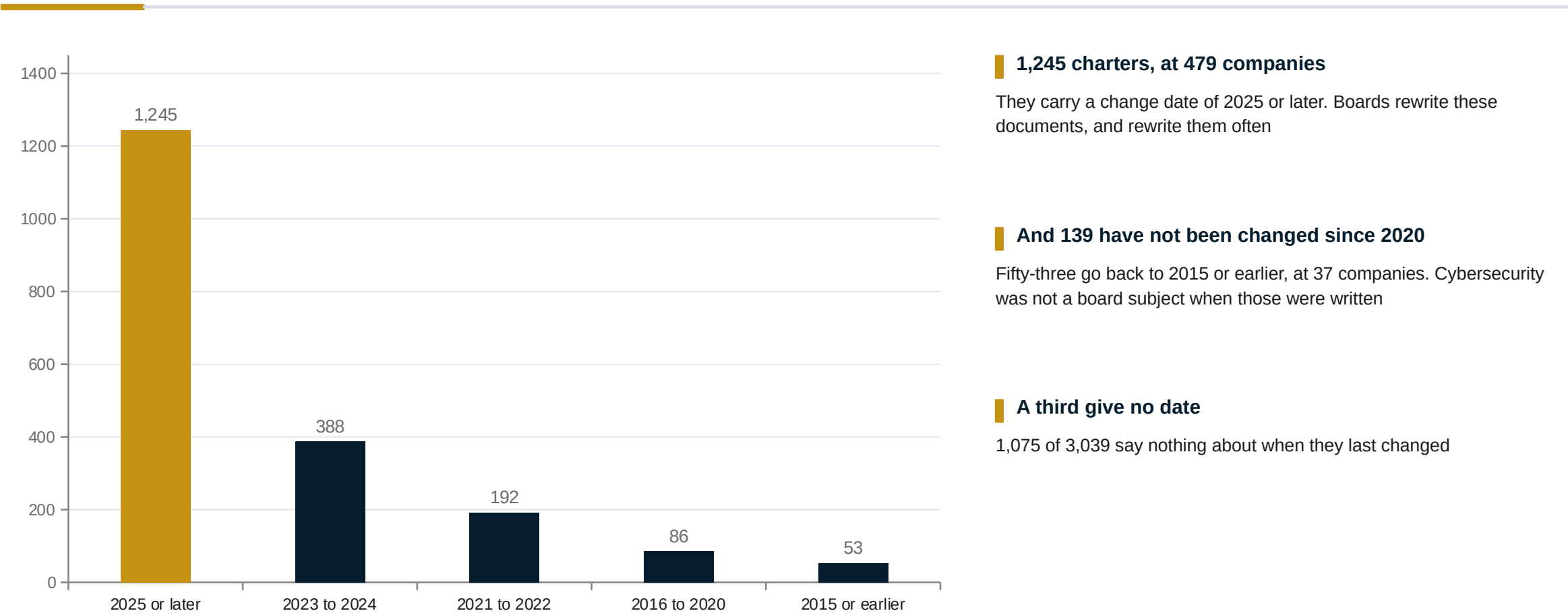
Every risk, in both documents, at the same company

Risk	Charter gives it, proxy names it	Proxy names it, charter does not	Charter gives it, proxy does not	They name different committees	Neither mentions it
Cybersecurity	455	207	47	42	63
ESG	413	128	91	42	172
Human capital	308	138	129	25	245
Enterprise risk	243	54	23	97	3
Climate and environmental	139	142	118	30	420
Data privacy	132	83	168	15	459
Artificial intelligence	40	81	78	7	645
Geopolitical	0	40	12	2	805

On cybersecurity the two documents agree more often than not. On artificial intelligence, 81 companies name a committee in the proxy whose own charter does not mention it, against 40 whose charter gives the committee the job. A further 541 cases across all risks are the proxy naming the full board, which has no charter, so those can never resolve and are left out of the fourth column.

Two thirds of these charters were amended in the last year

When the committee charter was last changed



1,964 of 3,039 charters give a date of last change. Russell 3000. Proxy statements, annual reports and current reports filed with the SEC, plus committee charters the companies publish

05

The skill the risk needs

01

Half the boards do not have it

02

The committee has it less often still

03

Cybersecurity is the scarcest

04

And it is rarer in combination

Half the companies have no director with the skill the risk needs

Companies naming a committee for the risk, against the skills their directors are listed with

Risk	The skill it needs	Name a committee	Publish a skills table	Have a director with it	Share
Data privacy	Cybersecurity	730	280	160	57.1%
Artificial intelligence	Technology and innovation	337	177	98	55.4%
Geopolitical	International and global	53	28	15	53.6%
Cybersecurity	Cybersecurity	2,339	888	443	49.9%
Enterprise risk	Risk management	2,639	923	447	48.4%
Human capital	Human capital and pay	1,397	633	302	47.7%
Climate and environmental	ESG and sustainability	735	381	171	44.9%
ESG	ESG and sustainability	1,762	772	303	39.2%

Not one risk clears 60%

Of the companies that name a committee and publish a skills table, between 43% and 61% list no director with the skill. ESG is the widest at 61%

And this counts the whole board

A different cut of the same filings asks whether the committee holding cybersecurity has the skill. There 55% do not. So it sits on the board and not on the committee

ESG is the widest gap

1,762 companies name a committee for it and 772 of those publish a skills table. Three in five of those list no director with ESG or sustainability

Half the committees given cybersecurity have no director with the skill

At the companies that publish a table of director skills

55%

Of committees given cybersecurity list no director with the skill

20%

Of all directors are listed with it, where a company publishes the table

34.9%

Of the 2,648 companies with proxy oversight data publish such a table

7,782

Director seats with a skills table, at 925 companies

What boards say their directors bring	Share of those seats
Finance and accounting	63.1%
Leadership and executive experience	60.0%
Industry experience	51.0%
Risk management	37.1%
Technology and innovation	32.7%
Legal and regulatory	29.0%
ESG and sustainability	21.6%
Cybersecurity	20.0%

Counted where companies publish the table

925 companies of 2,648 publish one, 34.9%, covering 7,782 director seats

Rarely the only skill

1,486 of the 1,560 directors credited with cybersecurity carry at least one other skill. Companies do not recruit a director for one thing

06

The committees that hold it

01

Audit holds cybersecurity at 1,593

02

It got no extra meetings for it

03

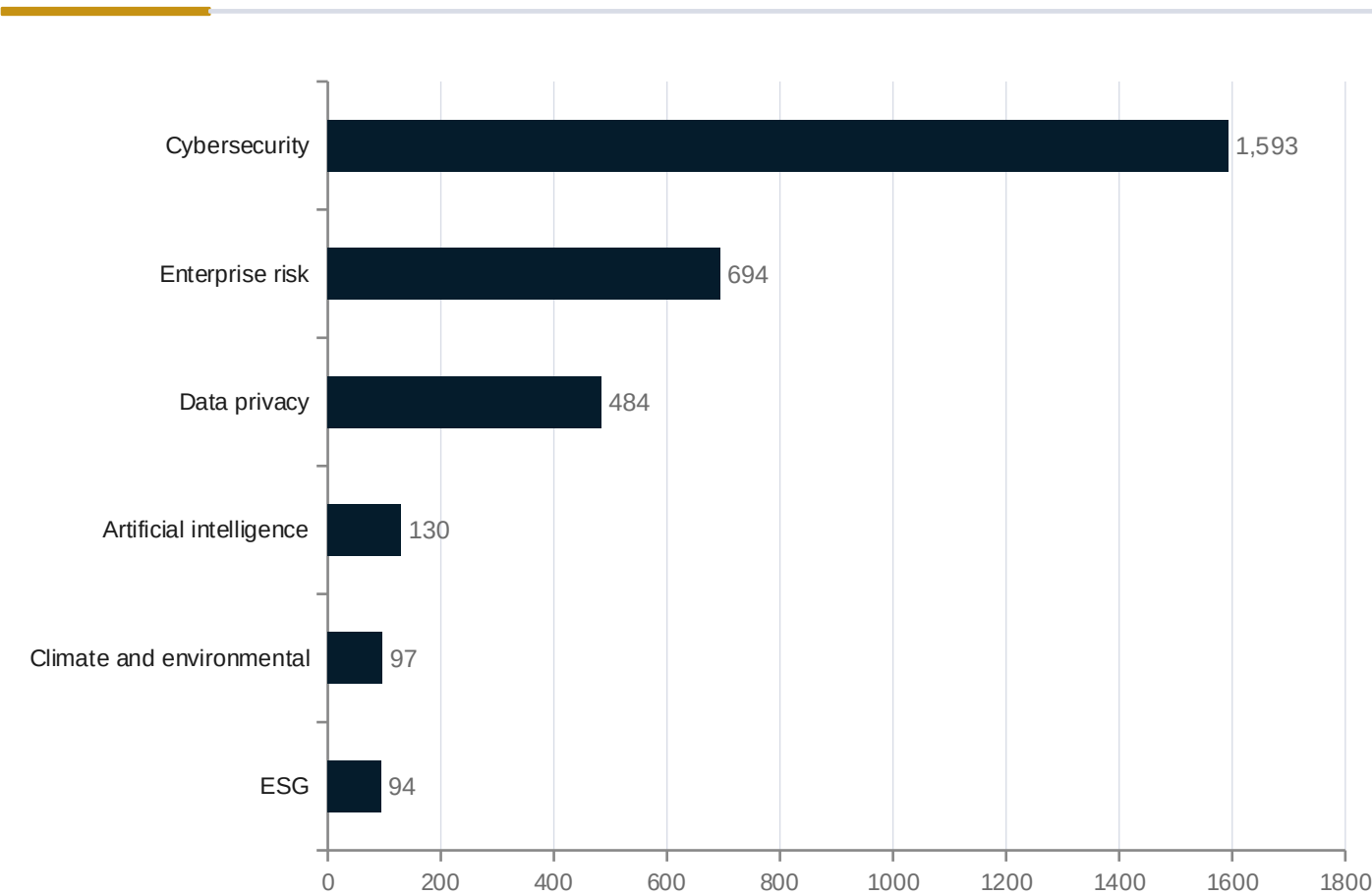
One company in eight has a risk committee

04

So the work goes to audit

The audit committee holds cybersecurity at 1,593 companies

Risks the audit committee was given



Cyber went to audit, not technology

Of the companies that name a committee for cybersecurity, 68% name audit. A technology committee gets 4%, and only 190 companies have one

Data privacy went to the same place

Another 67%. Artificial intelligence goes there too, but only as a plurality at 39%, with the full board on 30%

At 205 companies it has three or more

Of the companies that gave audit any risk at all, one in ten gave it three or more

And it was already the busiest one

Six meetings a year against four for every specialist committee. The busiest tenth meet ten times or more

Russell 3000. Proxy statements, annual reports and current reports filed with the SEC, plus committee charters the companies publish

Audit committees took on cybersecurity and did not add a meeting

Audit committee meetings a year, with and without cybersecurity

6.5

Meetings a year at the 1,564 audit committees that took on cybersecurity

7.0

Meetings a year at the 1,003 that did not

6

The middle figure for both groups

10

Meetings a year at the busiest tenth

The committees that took on cybersecurity do not meet more often than the ones that did not. They meet slightly less. Cybersecurity and data privacy both went to the busiest committee, and artificial intelligence goes there more often than anywhere else, with no extra meetings added.

New work, same hours

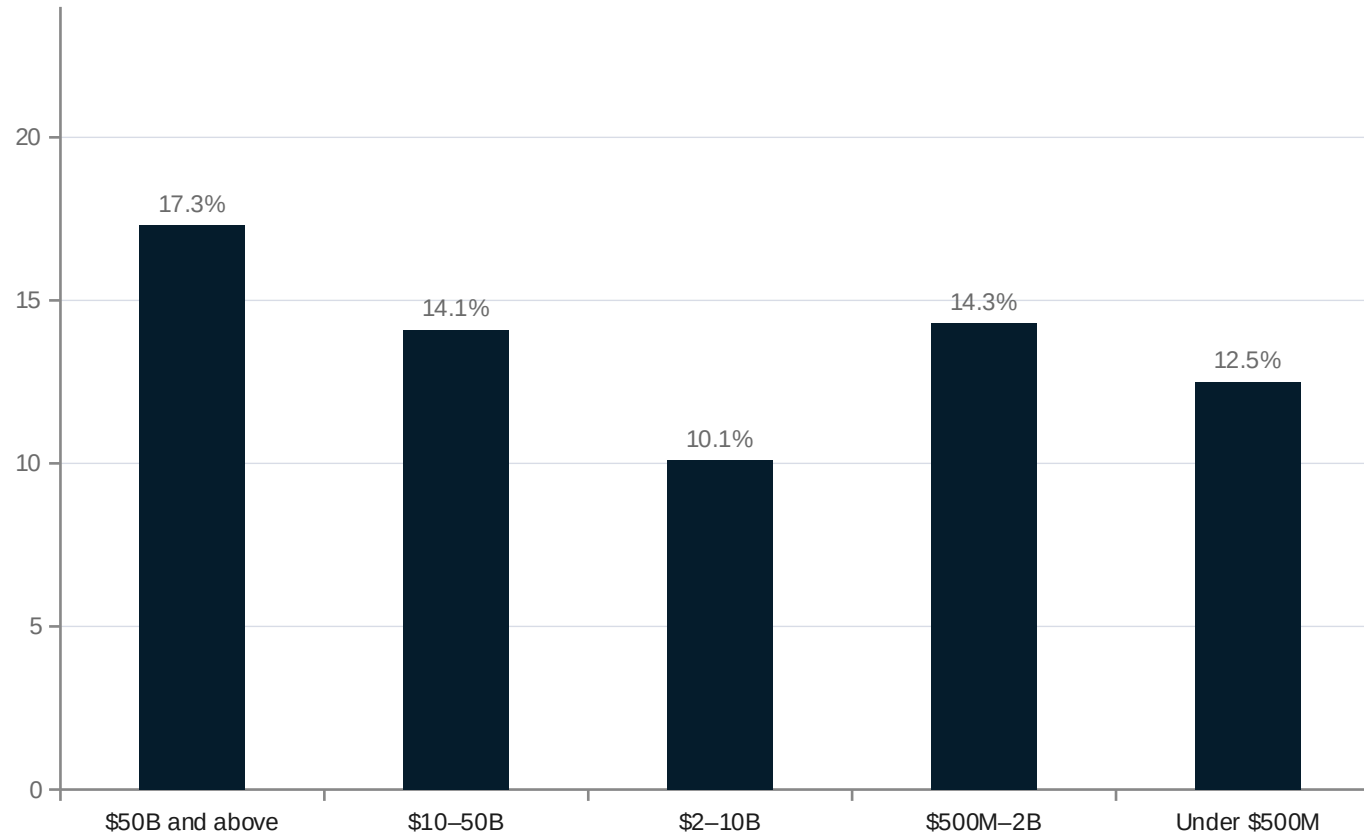
A specialist committee meets four times a year. Move new risks into a committee and you have given it the job without giving it the time

A very high count means something else

An audit committee that meets far more often than its peers is working through a deal or fixing a problem. It is not a sign of diligence

Only one company in eight has a risk committee

And whether a company has one has almost nothing to do with how big it is



Flat all the way across

17.3% at the biggest companies, 12.5% at the smallest, and no pattern in between. Risk committees are mostly a banking and insurance practice, not something companies add as they grow

A technology committee is rarer still

190 companies. Environment, health and safety, 141. Public policy, 88

Which is why everything goes to audit

A company that wants to give artificial intelligence its own committee usually does not have one

07

Where the documents disagree

01

One company in six names two committees

02

The proxy names the smaller role

03

No attack filing names a committee

04

Six questions to take back

One company in six names a different committee in each filing

Since December 2023 both the annual report and the proxy have had to say which committee is responsible for cybersecurity

17%

Of companies name a different committee in each filing, as counted. 25.5% corrected

2,203

Companies where both filings name a committee

133

Where the annual report names a committee and the proxy just says the board

43

Where it goes the other way

They disagree 375 times. In 176 of those the argument is whether a committee has it at all, and there the annual report names a committee three times out of four while the proxy says only the board. The other 199 are two documents naming two different committees.

Cybersecurity is the only risk we can check

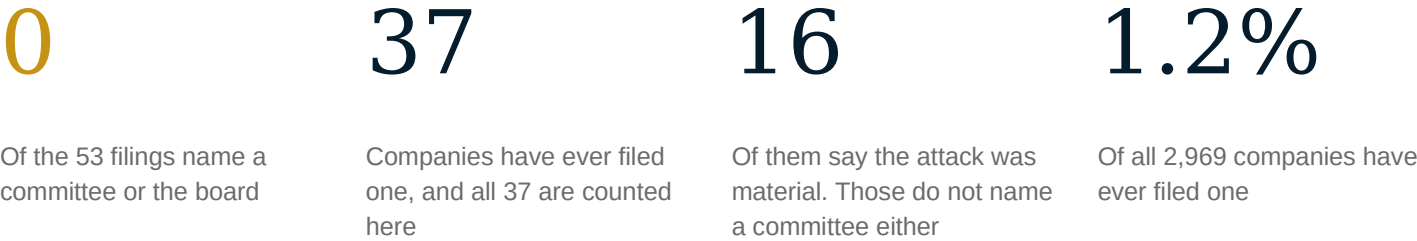
Companies must answer it twice, in two filings. That is the only way to find out what a proxy leaves out

It runs one way

Of the 176 cases arguing whether any committee has it, 133 have the annual report naming one and the proxy naming only the board

Thirty-seven companies reported a cyber attack. None named a committee

Every 8-K filed under Item 1.05, the report a company files after a cyber attack



The same 37 companies, in three documents	Names a committee	Names the full board	Names no one
In the proxy	26	7	4
In the annual report	29	4	4
In the filing about the attack itself	0	0	37

- These are not different companies**

The same 37 name a committee in two documents and name no one in the third. The third is the one filed after an actual attack
- A proxy takes months**

Companies write it for investors. An incident report goes out in four days and says only what the rule requires

Item 1.05 of Form 8-K, in force since December 2023. Every filing that cites it, from all 2,969 companies. Russell 3000. Proxy statements, annual reports and current reports filed with the SEC, plus committee charters the companies publish

Six questions worth asking at the next meeting

01 Does every risk in our 10-K have a committee named for it?

Two out of five across all companies do not

02 Do our two filings name the same committee?

One company in six names a different one, and usually the proxy names less than the annual report

03 Which committee is responsible for AI here?

Only 13% of companies name one, and that is four times last year

04 Does the committee that took it on meet any more often?

Across all companies, it does not

05 Does our charter actually allow what our proxy claims?

The charter is the only document that settles it

06 If we were attacked tomorrow, what would our filing say?

Not one of the 53 filed so far names a committee

What is in the index

Russell 3000, proxy year 2025, with a second year on the same companies

Coverage	Count
Companies covered	2,969
Where the proxy names committees	2,648
Where the risk factors are sorted	2,576
Where both years are on file	2,477
Where the annual report covers cybersecurity	2,673
Where at least one charter was found	860
Where the size and industry are known	2,766

What we pulled out	Count
Risks named this year	94,017
Risks named last year	90,002
Times a company put a committee in charge	21,071
Duties written into charters	86,697
Board seats	25,341
Committee seats	38,521
Facts, each from a sentence in a filing	636,424

Part two of two. The Board is the companion deck: who sits on these boards, how they are put together, and what they commit to in writing

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