



R. McConnell Group PLLC

The Board Governance Index

The Board

Who sits on the boards of 2,969 public companies, how those boards are built, and what they promise in writing

2,671

companies

25,341

director seats

9,953

board committees

10,878

risk assignments

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		

What this deck is built from	Count
Director seats	25,341
Directors, counted once across every board	22,004
Board committees	9,953
Committee memberships	38,521
Director compensation records	17,725
Director skills, in the words the filings use	47,057

Two decks, one set of data

This deck is the board itself. Risk and Oversight is the other half, built from the annual reports and the charters in the table above

All of it, not a slice

Most boards are not large-cap, and on the measures that matter they do not look like the S&P 500

All companies at a glance

The whole market against the S&P 500

9.5

Directors on the average board, against 11.4 in the S&P 500

81.5%

Of seats are independent, where the company says

65.8%

Of boards separate the chair and chief executive

62.3

Average director age, with 7.2% of directors 75 or older

8.1 yrs

Average tenure, with 15.1% of seats at fifteen years or more

30.1%

Of seats held by women, against 34.5% in the S&P 500

\$260,000

Median non-employee director pay, against \$329,751 in the S&P 500

44.2%

Of boards added no director this year

87.6%

Name a committee for cybersecurity

12.6%

Name a committee for artificial intelligence

23.9%

Disclose a mandatory director retirement age

34.9%

Of the 2,648 companies with proxy oversight data publish a table of director skills

01

Composition

01

Board size and independence

02

Age, and how long a seat lasts

03

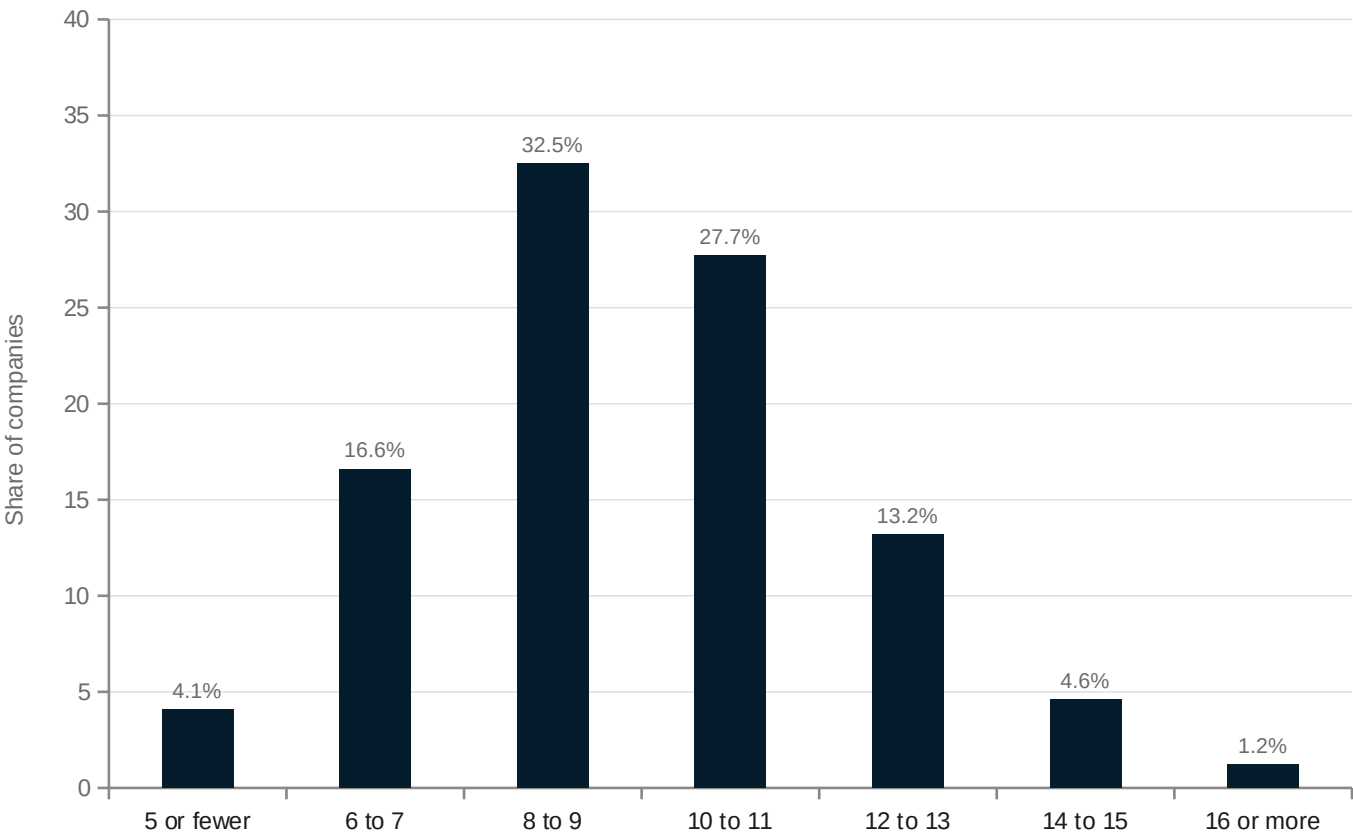
Years served, and long service

04

Women on boards, and turnover

Board size

The average board runs about two seats smaller than the average S&P 500 board



Where most companies sit

1,607 companies, 60.2% of companies, run boards of eight to eleven. The median is 9 seats against 11 in the S&P 500.

Five directors, three committees

110 companies run with five directors or fewer. You cannot staff three fully independent committees out of five people without putting everybody on all three

And the other end

32 run sixteen or more. There the trouble is running the meeting, not finding the directors

Against the large-cap market

The S&P 500 board averages 11.4 seats and 9 independent directors, against 7.2 across all companies

Independence

Counted seat by seat, where the company says whether a director is independent

81.5%

Of seats are independent, where the company says

85.5%

The same figure inside the S&P 500

7.2

Independent directors on the average board

23,535

Seats where the company says one way or the other

Committee	Where the company says	Share wholly independent
Audit	2,640	99.8%
Compensation or human resources	2,575	97.4%
Nominating and governance	2,423	97.3%
Executive	278	6.1%
Risk	220	75.9%
Finance	197	73.6%

Where the exchanges require it

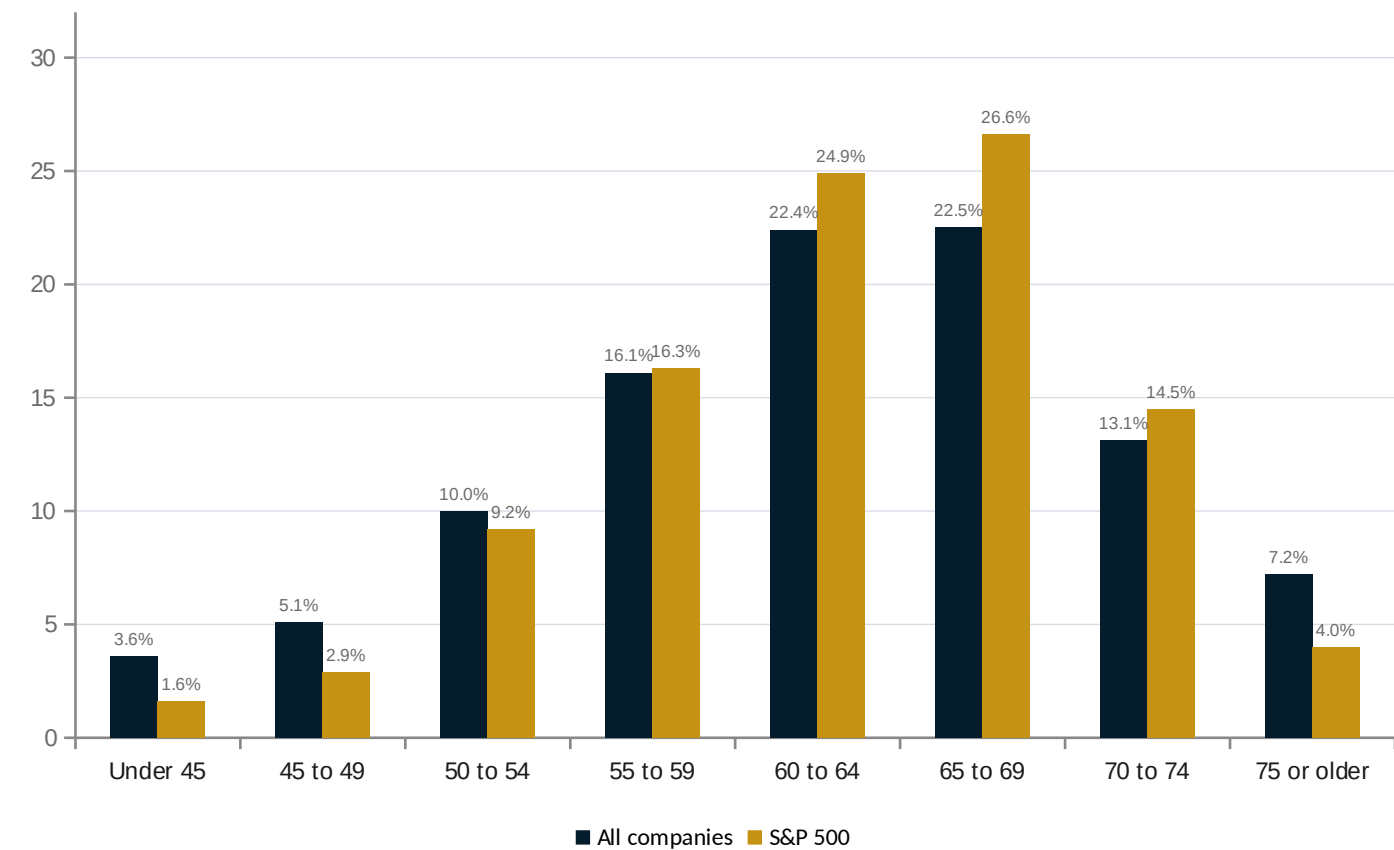
Rule 10A-3 compels a wholly independent audit committee. The compensation and nominating standards do the same but exempt controlled companies, which is why those two read 97% rather than 100%

Where the board chooses

On the other committees independence is a choice, not a listing rule. Risk reads 76%, finance 74%, investment and pension 47%, and the executive committee 6%

How old directors are

The average hides the oldest and the youngest, and those are what matter



The averages are close

Average age runs 62.3 across all companies and 62.9 in the S&P 500. On the average alone the two look the same

The oldest and youngest are not

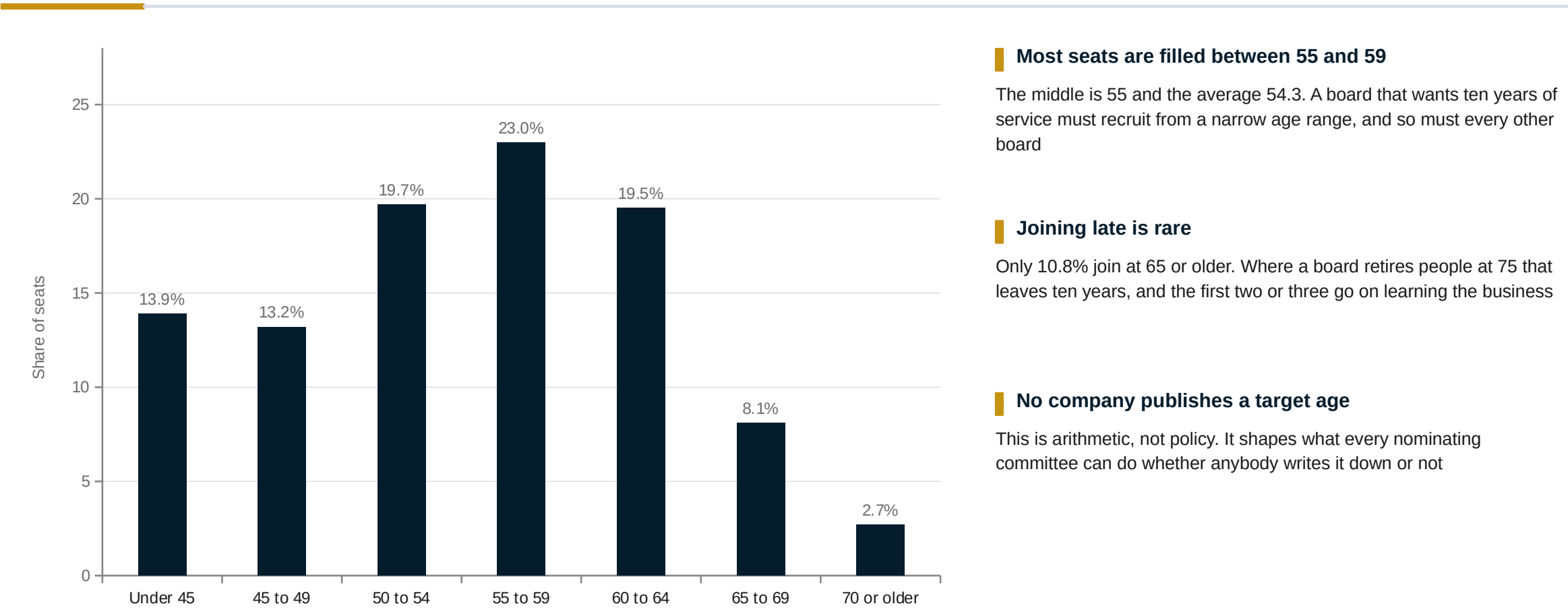
7.2% of broad-market directors are 75 or older against 4.0% in the S&P 500, and 10.1% are 50 or under against 5.7%. The broad market is older and younger at the same time

Both at once

A broad-market board is likelier to keep a director past the age most policies name. It is also likelier to have taken one on well before the usual age

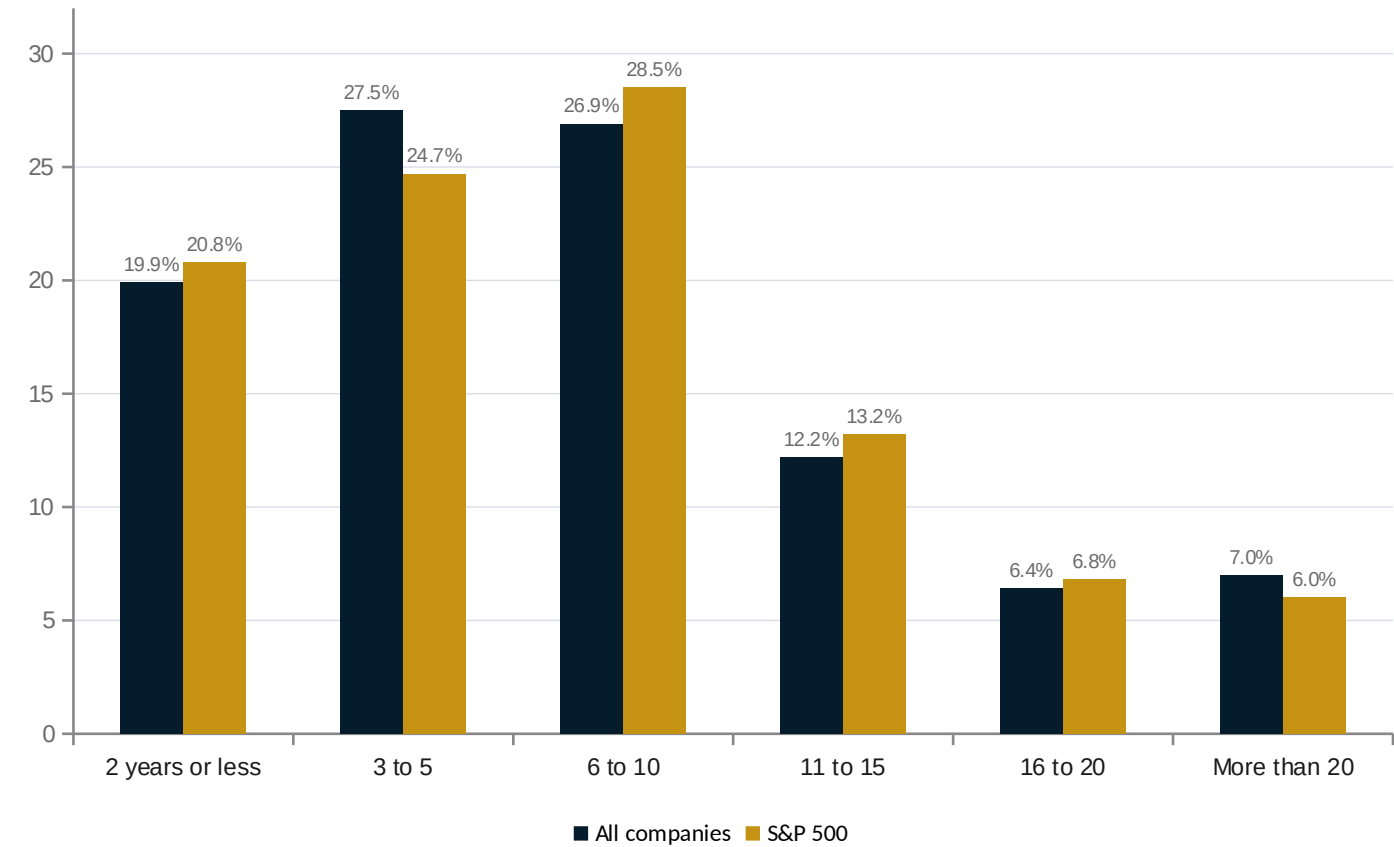
How old directors were when they joined

Age today less years served, across 21,070 seats



How long directors stay

The average of eight years is two different groups added together



Nearly half the seats are recent

47.4% of the seats with a disclosed start year are five years old or less. The middle director has served 6 years

And some are very long held

15.1% of seats are at fifteen years or more. The average of 8.1 years falls between two different groups and describes neither

Size does not explain it

The S&P 500 and everyone else run the same, 8 years against 8.1. Long service follows ownership and founders, not size

Long service among independent directors

A board’s call on independence never expires. Investor policies treat long service as if it did



Independent directors past ten years

Past fifteen years

Past twenty years

Past thirty years

Service threshold	Directors recorded as independent	Share of independent seats
10 years or more	4,913	25.6%
15 years or more	2,291	11.9%
20 years or more	1,134	5.9%
25 years or more	492	2.6%
30 years or more	217	1.1%

- What the number is not**

The board calls a director independent and the exchanges accept it. Length of service is not one of the tests. A long-serving director breaks no rule
- What it is**

Large investors read it as a sign that a board has gone stale. They read it board by board, not director by director

Women on boards

Share of the seats where the filing says



Of seats across all companies

Of seats in the S&P 500

Of directors with a year of service or less

Of committee chair seats

Measure	Count	Share
Seats held by women, all companies	7,279	30.1%
Seats held by women, S&P 500	1,806	34.5%
Companies with three or more women	1,546	57.9%
Companies with no women	73	2.7%

The gap closes among new directors

Across all seats the broad market sits 4.4 points behind the S&P 500. Among directors in their first year, 31.9% are women, close to the large-cap figure

The chairs are not lagging

32.5% of committee chair seats are held by women against 30.1% of all seats

Nearly half of boards added no director this year

Directors with a year of service or less, and the companies with none

2,483

Directors with a year of service or less, 11.5% of seats with a disclosed start year

1,120

Companies that added no director, 44.2% of those with disclosed tenure

1,414

Companies that added at least one director

Tenure band	Seats	Share of seats
2 years or less	4,315	19.9%
3 to 5	5,953	27.5%
6 to 10	5,816	26.9%

Seats open because a board decides

Count on a retirement age to open seats on a schedule and you are counting on a policy three quarters of companies never disclose

1,120 of 2,534 boards added no one

That is 44.2% of the companies that disclose how long their directors have served. Renewal does not happen a little at a time

The boards that do add directors add several

47.4% of seats are five years old or less

02

Leadership and committees

01

Who chairs, in four forms

02

How often boards meet

03

Fourteen kinds of committee

04

And where the work piles up

Who chairs the board

Splitting the two jobs and having an independent chair are not the same question

Chair structure	All companies	S&P 500
Independent chair	41.2%	37.3%
Combined chair and CEO	34.2%	40.8%
Non-independent, non-executive chair	17.1%	12.2%
Executive chair who is not the CEO	7.6%	9.7%
Chair and chief executive separated	65.8%	59.2%

Splitting the jobs is not independence

Two thirds of boards split the two and two fifths have an independent chair. A founder, a family member or an investor’s nominee chairs the quarter in between

Smaller companies split more often

They split the roles at 65.8% against 59.2% in the S&P 500. The reason is concentrated ownership, not investor pressure

65.8%

Of boards separate the chair and chief executive

41.2%

Of boards have an independent chair

24.6%

Have a chair who is neither the chief executive nor independent

A different question

A board that says it has split the roles has answered a different question from the one its investors were asking

How often boards meet

And how many committees they meet through

7.6

Average board meetings, all companies

7

Median board meetings, all companies

3.7

Committees on the average board

4.2

Committees on the average S&P 500 board

A high count is not a virtue

A board meeting far more often than its peers is usually working through a deal, fixing a problem, or covering work its committees are not

Read it next to the structure

The S&P 500 board runs 4.2 committees against 3.7 across all companies. Fewer committees push the work back to the full board and onto audit

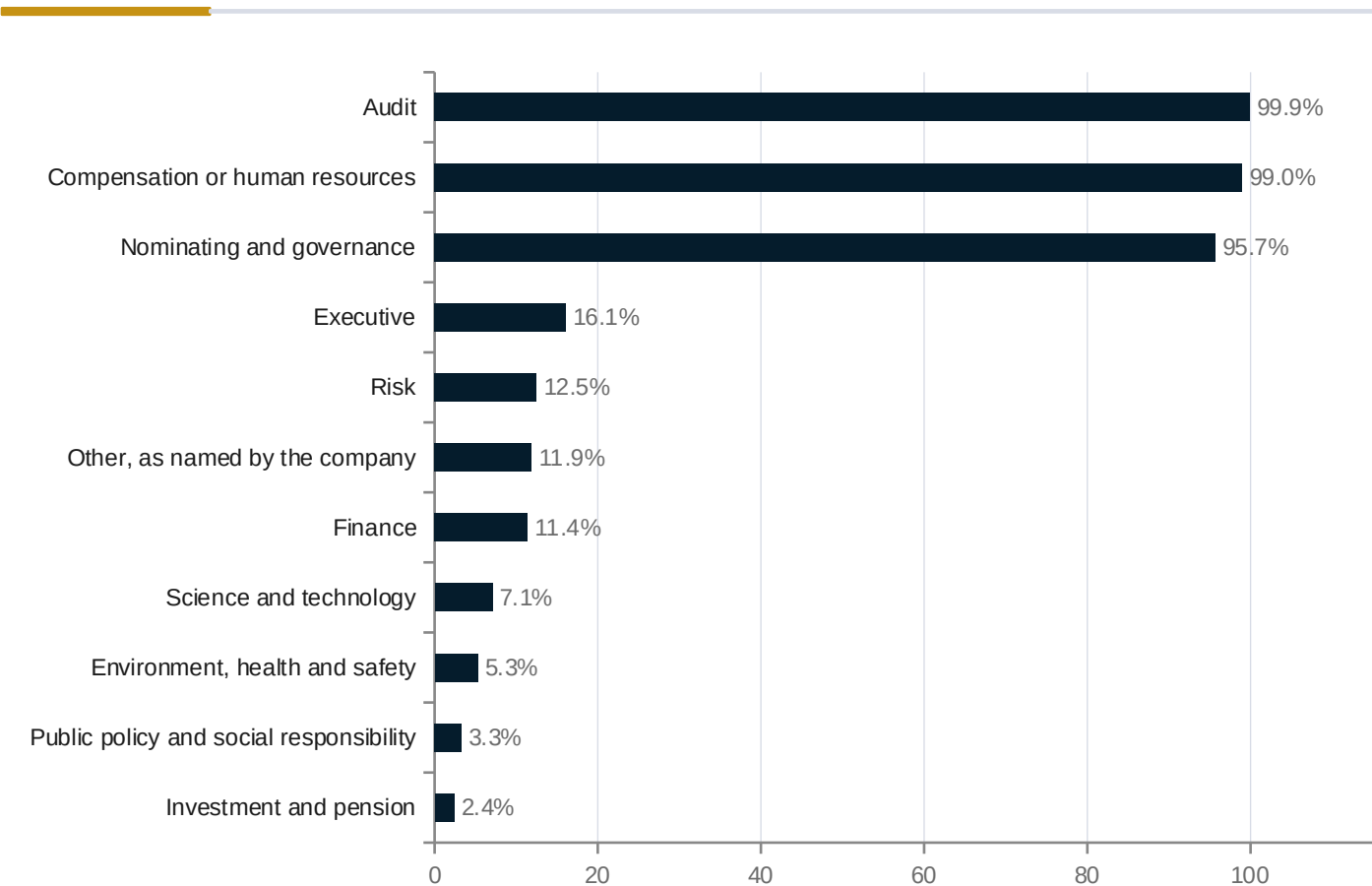
Not everybody says

2,525 companies disclose a board meeting count, so the figure is worked out on those and not on all companies

Measure	All companies	S&P 500
Average board meetings held	7.6	7.4
Median board meetings held	7	7
Companies disclosing a meeting count	2,525	452
Average committees per board	3.7	4.2

Almost every board has the same three committees

Fourteen kinds turn up. Nine of them at fewer than one company in eight



The same three, everywhere

Audit, compensation and nominating appear at 99.9%, 99.0% and 95.7% of companies. Every other kind is a minority practice

Nowhere to put the new risks

A risk committee exists at 334 companies and a science or technology committee at 190. A company that wants to give cyber or artificial intelligence its own committee mostly does not have one to give.

The executive committee

It exists at 430 companies and, as the next page shows, meets at almost none of them

How often each committee meets

And the busiest ones are where the question sits

Committee	Companies	Median meetings	90th percentile
Audit	2,567	6	10
Compensation or human resources	2,532	5	8
Nominating and governance	2,463	4	6
Executive	364	0	4
Risk	327	4	8
Other, as named by the company	300	4	8
Finance	281	4	7
Science and technology	172	4	5
Environment, health and safety	132	4	5
Public policy and social responsibility	83	4	5

The audit committee meets most often

It meets 6 times a year, and the busiest tenth meet 10. It is also where cybersecurity and data privacy went

A very high count means something else

A committee meeting far more often than its peers is working through a deal, fixing a problem, or holding more than it can carry. It is not a credential

The executive committee is the opposite

It meets 0 times a year. It exists on paper, and at most companies that have one it never met

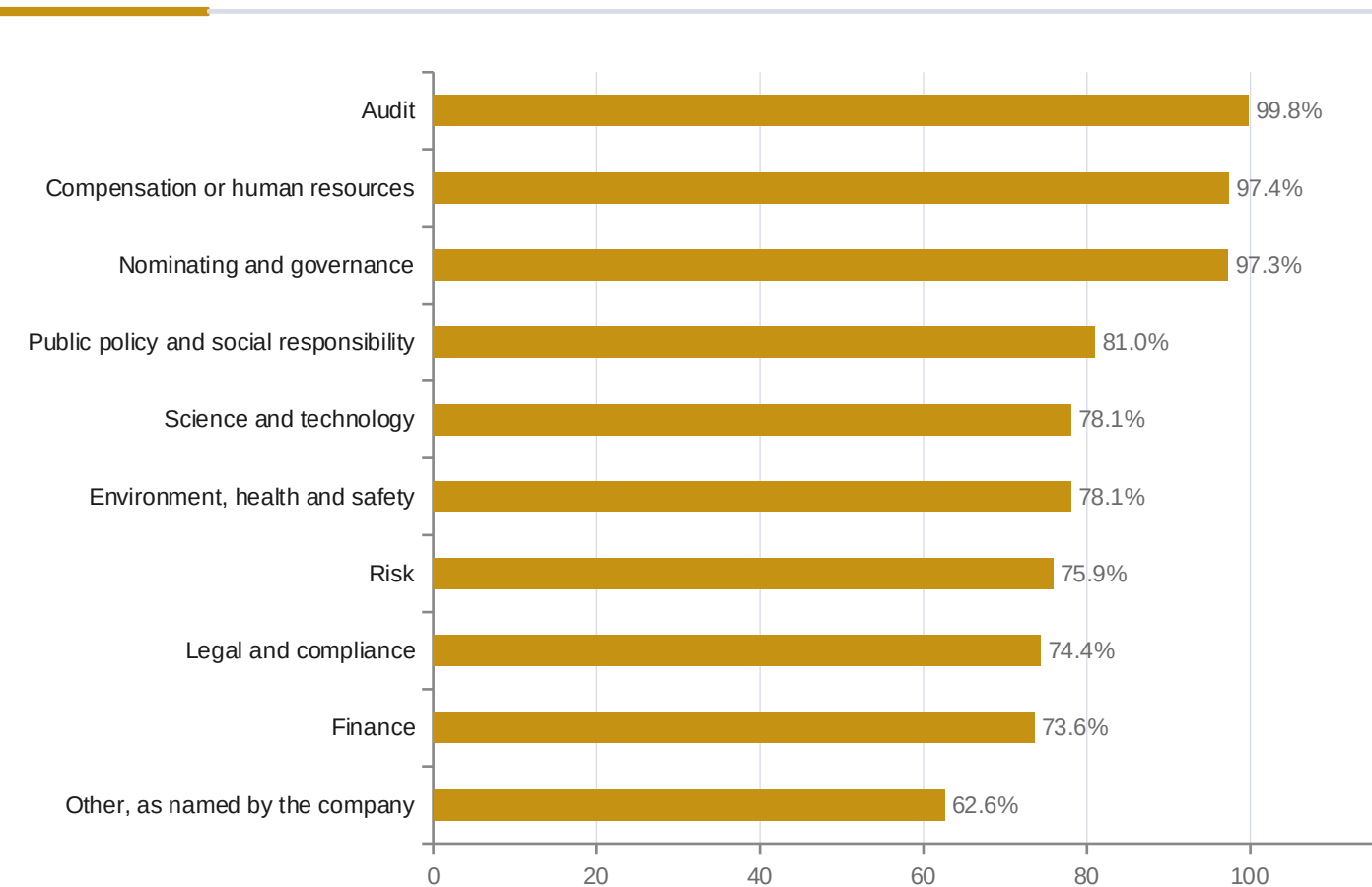
New work, same hours

A specialist committee meets four times a year. Move cybersecurity, privacy and artificial intelligence into one and you have given it the job without giving it the time



Committee independence

Where the exchanges require it, and where the board is choosing



Audit has no choice

Rule 10A-3 compels it. Compensation and nominating are compelled too, with an exemption for controlled companies, so all three read at or near 97%

The rest

The board staffs risk, technology and finance as it sees fit. There independence is a choice, not a rule

Why it matters for risk

Move a new risk into one of those committees and its independence and its expertise both become live questions. For audit they never are

03

Risk oversight

01

Eight kinds of risk

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Which committee is responsible

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Cybersecurity against AI

04

And what the filings do not prove

Which committee is responsible for which risk

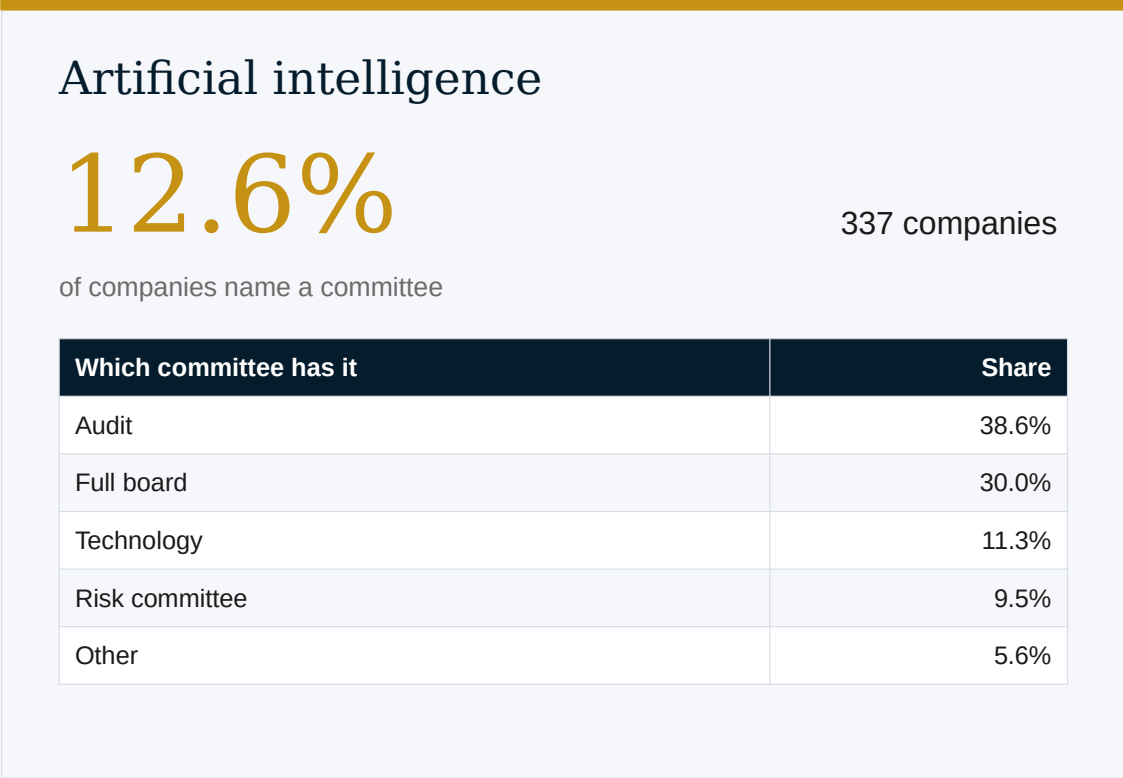
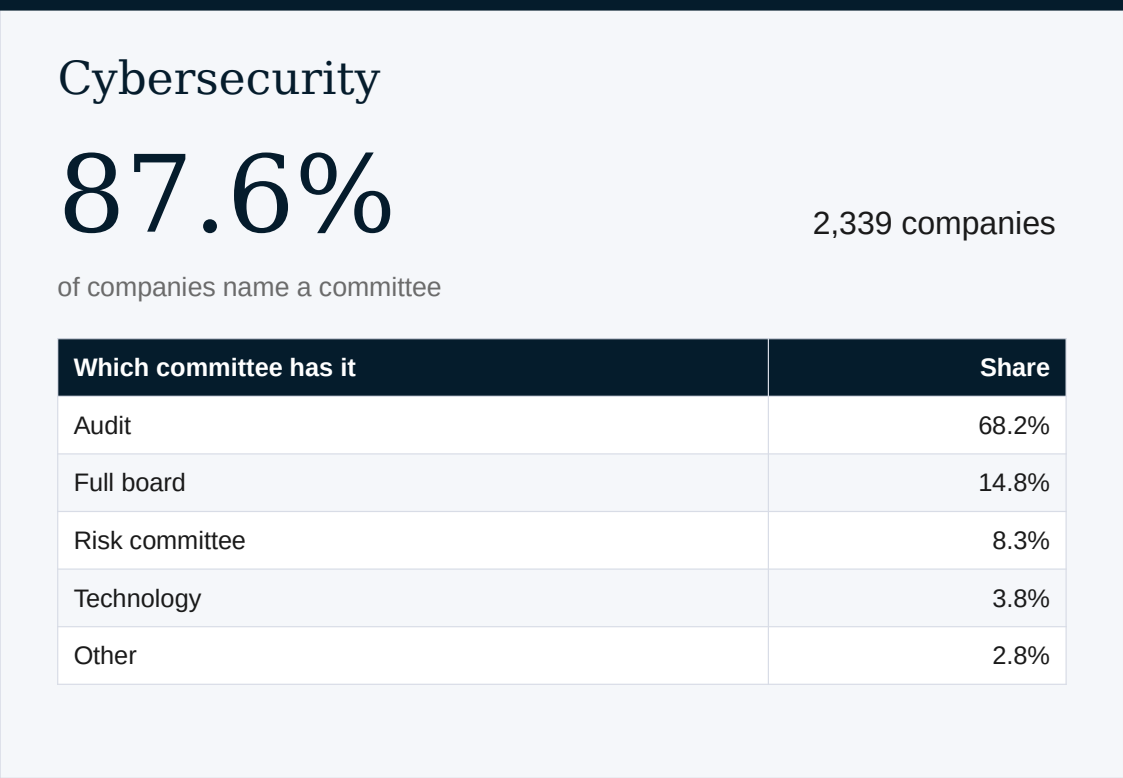
Companies that name a committee, or the full board, for each one

Risk	Companies naming a committee	Share of the 2,671 with board data	Most common committee	Second most common
Enterprise risk	2,639	98.8%	Full board 53.7%	Audit 26.3%
Cybersecurity	2,339	87.6%	Audit 68.2%	Full board 14.8%
ESG	1,762	66.0%	Nominating and governance 71.9%	Full board 9.3%
Human capital	1,397	52.3%	Compensation 79.2%	Full board 9.0%
Climate and environmental	735	27.5%	Nominating and governance 40.3%	Sustainability 17.1%
Data privacy	730	27.3%	Audit 66.6%	Risk committee 11.1%
Artificial intelligence	337	12.6%	Audit 38.6%	Full board 30.0%
Geopolitical	53	2.0%	Full board 73.6%	Audit 15.1%

The newer the risk, the fewer companies name a committee for it. Nearly all name one for enterprise risk and cybersecurity. A minority do for climate, data privacy and artificial intelligence. Where no committee is named it does not follow that nobody is doing the work. It means the proxy does not say, and that is the thing a board should check against its own 10-K.

Companies agree which committee gets cybersecurity. Not so for AI

Where each one sits, of the companies that name a committee



Where cybersecurity is named, more than two thirds of companies give it to the audit committee. That is one settled practice. Artificial intelligence has no settled practice: the audit committee and the full board are close to even, and a technology committee is a distant third. Naming the full board is a decision to hold the risk without narrowing it.

04

Directors: skills and pay

01

Sixteen kinds of skill

02

The combinations a search looks for

03

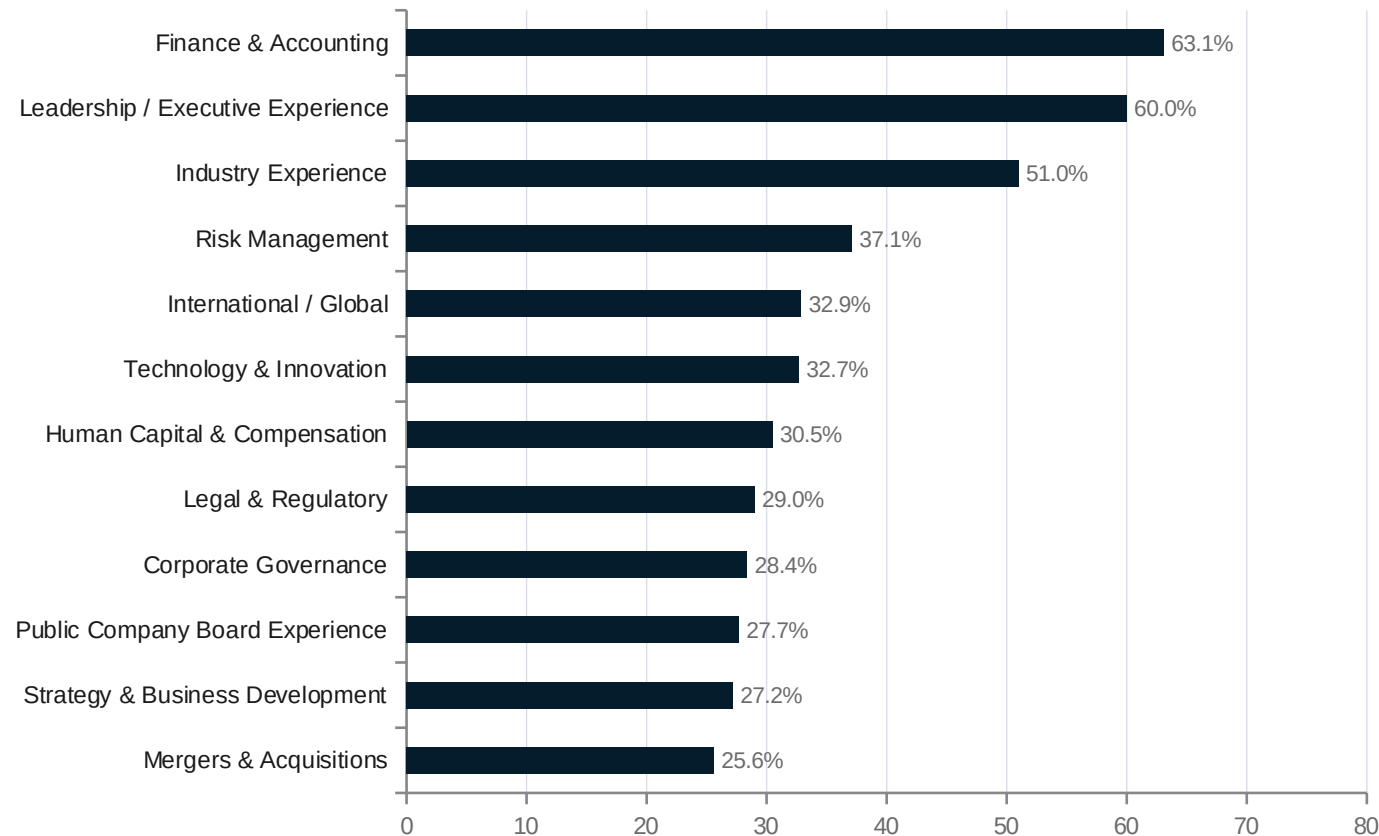
What directors are paid

04

And where the say-on-pay signal is

What boards say their directors bring

Sixteen kinds, sorted from the words the filings use



Only a minority publish a table

925 companies of 2,648 publish one, 34.9%. Every share on this slide counts only those 925

Counted across every company it looks different

Spread over every seat, the same counts fall by about two thirds. A company that publishes no table would read as having directors with no skills at all

The rarest skills

Cybersecurity is listed for 20.0% of them and ESG for 21.6%. These are the two the newest risks need

The combinations are rarer than the skills

No board recruits a director for one thing, and that is where a search gets hard

Most common combination	Directors	Share
Finance & Accounting + Leadership / Executive Experience	3,180	40.9%
Finance & Accounting + Industry Experience	2,651	34.1%
Industry Experience + Leadership / Executive Experience	2,607	33.5%
Finance & Accounting + Risk Management	2,143	27.5%
Leadership / Executive Experience + Risk Management	1,929	24.8%
Finance & Accounting + International / Global	1,702	21.9%

Scarcest combination	Directors	Share
Cybersecurity + Sales & Marketing	296	3.8%
Public Company Board Experience + Sales & Marketing	330	4.2%
ESG & Sustainability + Sales & Marketing	337	4.3%
Legal & Regulatory + Sales & Marketing	340	4.4%
Sales & Marketing + Strategy & Business Development	357	4.6%
Operations & Supply Chain + Sales & Marketing	365	4.7%

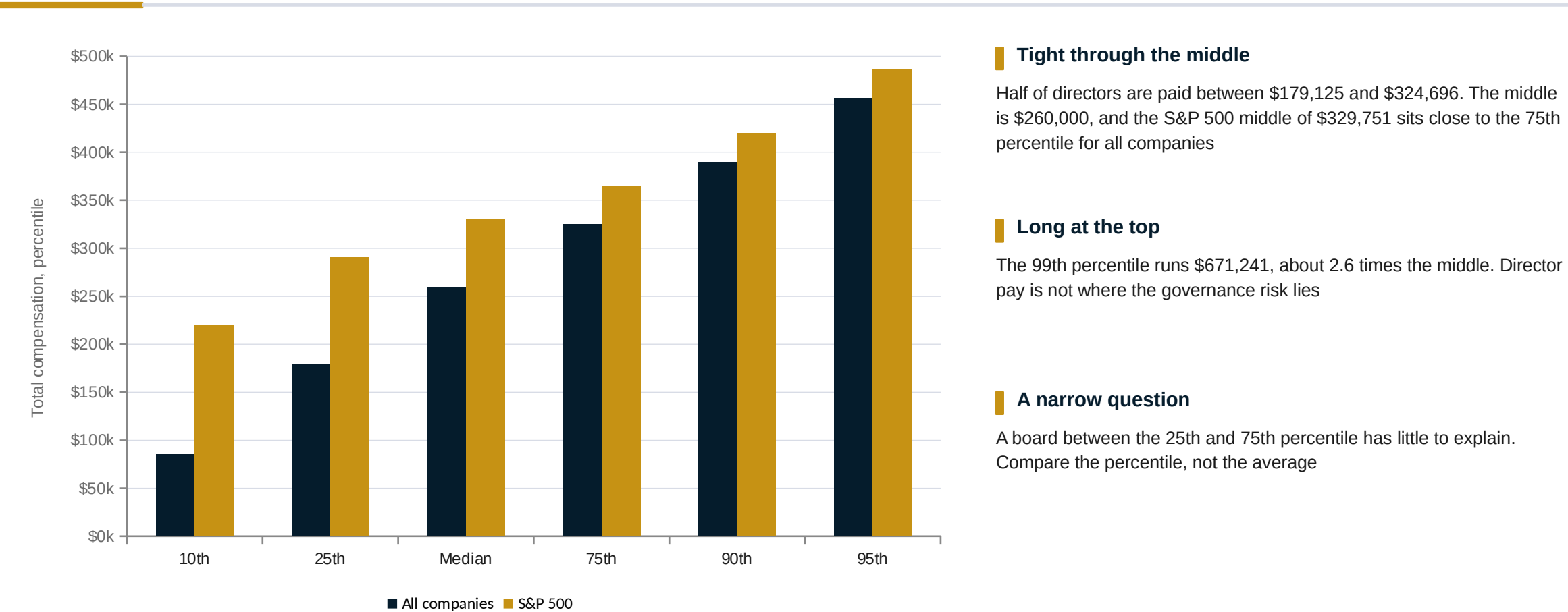
Why a nominating committee needs the combination, not the skill

A board looks for a combination, not a skill. A director who can read a rulemaking and also run a business, or who understands carbon measurement and also internal control. On their own the skills look plentiful: legal and regulatory sits at 29.0% of those seats and technology at 32.7%. Put together, they are a fraction of that. What a committee is actually short of is the overlap, and you cannot see it from a list of single skills.



What directors are paid

Non-employee directors, from the director compensation table



Tight through the middle

Half of directors are paid between \$179,125 and \$324,696. The middle is \$260,000, and the S&P 500 middle of \$329,751 sits close to the 75th percentile for all companies

Long at the top

The 99th percentile runs \$671,241, about 2.6 times the middle. Director pay is not where the governance risk lies

A narrow question

A board between the 25th and 75th percentile has little to explain. Compare the percentile, not the average

What the pay is made of, and what shareholders said

Median by component, and how the say-on-pay vote came out

Component	Median, all companies	Median, S&P 500
Total compensation	\$260,000	\$329,751
Cash fees earned or paid	\$90,000	\$120,000
Stock awards	\$150,000	\$189,080

Say-on-pay outcome	Value	Companies disclosing
Median support	94.5%	1,652
10th percentile support	80.0%	1,652
90th percentile support	98.0%	1,652
Companies below 70% support	67 (4.1%)	1,652
Companies below 50% support	10	1,652

Stock is the larger half

Stock awards run \$150,000 against \$90,000 in cash fees. Companies pay directors in ownership more than in fees

The middle of the vote means nothing

Support runs 94.5% at the middle and 80.0% at the 10th percentile. Compare a board to the middle and you compare it to a result almost everybody gets

The signal is at the bottom end

67 companies came in below 70%, the line most proxy advisers treat as requiring a response, and 10 came in below half. The only question for a board is whether it is in that 4.1%



05

Policy and structure

01

Where the two markets differ

02

Retirement ages and term limits

03

Limits on outside service

04

And how many boards directors
really hold

Where the two markets really differ

Every share counts only the companies whose filing addresses the point

Provision	Share of those addressing it	S&P 500	Gap
Publishes a table of director skills	58.7%	85.7%	+27.0
Requires a majority to elect a director	75.1%	97.4%	+22.3
Says how it talks to shareholders	85.6%	98.4%	+12.8
Reviews directors one by one	78.5%	88.1%	+9.6
Lets shareholders put a name on the ballot	91.1%	100.0%	+8.9
Makes a director resign after a failed vote	89.8%	97.9%	+8.1
Reviews its committees	96.5%	99.3%	+2.8
Bars directors from hedging the stock	97.7%	100.0%	+2.3
Bars directors from pledging the stock	98.0%	99.8%	+1.8
Reviews the whole board	99.1%	99.8%	+0.7
Takes back pay after a restatement	99.9%	100.0%	+0.1

Where the rules require it

Clawback, anti-hedging and anti-pledging are at or near universal in both columns and the gap is under three points. There is nothing to compare

Where it is up to the board

A published skills table and majority voting are the widest gaps in the set, at 27 and 22 points. These are the two investor policies actually move

Evaluations

99.1% disclose a board evaluation and 78.5% evaluate directors one by one. The second one is the one that separates practice from process.

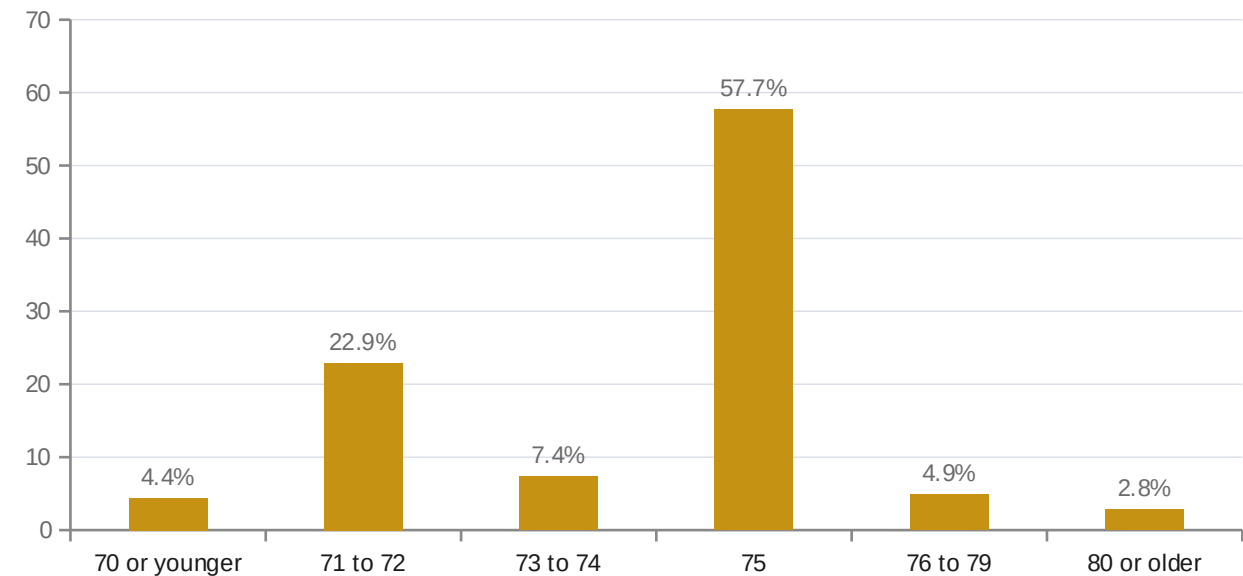
Read the base, not just the share

Proxy access reads 91.1% on 719 companies, a quarter of the market. A bylaw either exists or it does not, so the companies that say nothing are the open question



What boards commit to in writing

Retirement ages, term limits and board service limits, where the proxy discloses them



Board service limit, where disclosed	Companies	Share	Median
Limit on total public boards	635	23.8%	4
Limit for a sitting CEO	279	10.5%	2
Limit on other audit committees	370	13.9%	3

A quarter of companies name an age

638 companies disclose one, 23.9% of all companies. No disclosure does not mean no policy: retirement provisions usually sit in the corporate governance guidelines, a document outside the proxy.

Where there is a bar, it is 75

57.7% of disclosing companies set it at exactly 75 and 22.9% at 71 or 72. The median is 75.

Term limits are rarer still

They turn up at 127 companies, 4.8% of all companies. Where a length is stated the middle is 14.5 years

Service limits are rare

Only 23.8% disclose a limit on total public boards, at a median of 4

How many other boards directors sit on

Two ways of counting it, and they answer different questions

Other public boards, as the filing states them	Seats	Share
None	13,157	58.6%
One	5,658	25.2%
Two	2,610	11.6%
Three	894	4.0%
Four or more	122	0.5%

Boards held inside the Russell 3000	Directors	Share
One board	19,208	87.3%
Two	2,330	10.6%
Three	394	1.8%
Four or more	72	0.3%

Why there are two numbers

The left table counts what each proxy says about a director’s other public boards, including companies outside these 2,969. That is the number a nominating committee uses when it applies an overboarding policy. The right table counts boards as the resolved director registry holds them, matched by name and age, which takes in a few boards outside the index. It says how connected these boards are: 2,796 of them sit on two or more, 12.7%. Restricted to Russell 3000 boards alone the figure is 2,791, because five directors also sit on a board outside the index. A slide that mixes the two is wrong in a way a reader cannot see. The matching is deliberately careful. Two seats become one person only on a matching age or middle initial, never on a first and last name alone.

The auditor

Who audits these companies, and what it costs, from the audit fee table

77.0%

157

\$2.16m

2,470

Of companies use one of the four largest firms

Distinct audit firms appear across all companies

Median audit fee, on 1,991 companies disclosing

Companies disclosing an auditor

Fee category	Companies disclosing	Median
Audit fees	1,991	\$2,156,000
Audit-related fees	966	\$133,750
Tax fees	1,184	\$191,038
All other fees	793	\$6,000

- Concentrated, but not closed

Four firms audit 77.0% of all companies. 157 firms appear in all, the four largest among them, and the rest audit the smallest companies
- Fees are the one clean number

Audit fees go in a set table in a set place. Anybody can compare them straight across

The other half of this

Risk and Oversight, the companion deck

94,017

13,961

3,039

44%

Risk factors from the annual reports, sorted into nine kinds

New since last year. On AI it is 56.6%

Committee charters, and what each one allows

Of serious risks have no committee in charge, as counted

What that deck answers	Where it comes from
What every company says could hurt it	Item 1A of the annual report
Which of those risks have no committee in charge	Item 1A against the proxy
What changed between the two years	Both proxy years, read the same way
Whether the charter ever gave the committee the job	The charters themselves
Whether any director has the skill it needs	The director skills tables
And what the filings say when a company is attacked	Item 1C and Item 1.05

One set of data, two decks

The same 2,969 companies and the same 16,586 documents sit behind both. This deck is the board. That deck is what the board was put in charge of

And five workbooks

They carry every figure in either deck