



2012 Corporate Governance Survey Results

Instructions for using the Full Database

To purchase, go to www.nceo.org/r/corpgov12

About the Survey

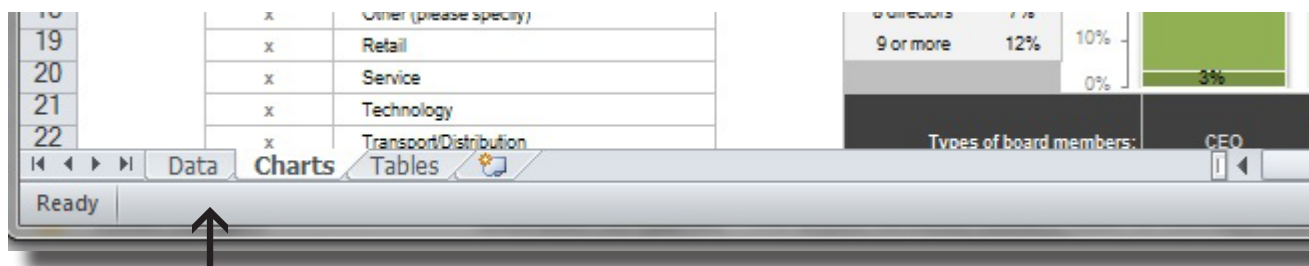
During July and August of 2012, the NCEO conducted a 43-question survey on how ESOP companies are approaching key corporate governance issues including board composition, director terms, director and trustee compensation, the characteristics of the ESOP trustee, and the role of ESOP participants in governance.

The survey is the largest ever conducted on ESOP corporate governance practices, with 502 valid responses from a diverse sample of ESOP companies, as well as 26 valid responses from non-ESOP companies for comparison.

Contents of the Full Database

Customers who purchase the *2012 Corporate Governance Survey Results: Full Database* receive an Excel spreadsheet with the following sheets:

- **Data Sheet:** Contains individual responses to each survey question (anonymous)
- **Chart Sheet:** Fully customizable charts that easily paste into reports or PowerPoint presentations, customizable by the following demographic categories:
 - Number of Employees
 - Industry
 - Region
 - Revenues
 - Percent ESOP
 - C or S corporation
- **Table Sheet:** Fully customizable tables containing the data in a concise, easily readable format.



Choose which tab you would like to view in the lower left-hand corner, after opening the spreadsheet in Excel.

Fields Included in the Full Database

The Full Database includes data for the following fields:

Demographic Fields:

- Number of employees
- Industry
- Region
- S or C corporation
- Private or public company
- Revenues
- ESOP company?
- Year the ESOP started
- Percent ESOP

Board of Director Fields:

- How many of the following types of board members do you have?
 - CEO
 - Management employee
 - Non-management employee
 - Independent director
 - Affiliated director
 - Founder who sold to ESOP
 - Non-founder shareholder
 - Founder who did not sell to ESOP
- Total number of board members
- Number of full board meetings
- Number of interim board meetings
- How the following committees are composed
 - Audit/finance
 - Compensation/personnel
 - Executive/ board leadership
 - Governance/ nominating
 - Leadership development/succession

- Strategy/ business development Total number of committees
- Who is the chair of the board
- Average board tenure
- Frequency of board elections
- Importance of the following criteria in selecting directors:
 - Specific knowledge (HR, finance, etc.)
 - Industry expertise
 - Other board experience
 - ESOP expertise
- Board have a policy on director performance?
- Board have a policy on removing a director?
- Board have a policy on responding to unsolicited offers?
- What types of pay do inside, affiliated and outside directors receive?
 - Retainer
 - Fee per board meeting
 - Fee per interim board meeting
 - Fee per committee meeting
 - Deferred compensation denominated in cash
 - Equity compensation
- Does the board chair receive additional fees?
- Do committee chairs receive additional fees?
- Amount of compensation for inside, independent and affiliate directors:
 - Fee per board meeting
 - Annual retainer
 - Total compensation

- Equity compensation for directors:
 - None
 - Founding shares
 - Purchased shares
 - Given shares
 - ESOP shares
 - Shares through other employment-based programs
 - Synthetic equity

Trustee Fields:

- Directed or non-directed?
- Type of trustee (institutional, individual- employee, individual- non-employee, committee- employees only, committee- non-employees only, committee- both)
- Who selected the trustee?
- Types of trustees in the past five years
- Likelihood of changing to other types of trustees
- Trustee compensation
- Trustee roles internally (for inside trustees and trustee committees)
- Trustee committee composition
- Who directs the trustee?

Employee Participatoin Fields:

- Voting rights of participants
- How do participants direct votes?
- Do participants have role in selecting trustee?
- Do participants or employees vote for directors?

Using the Data Sheet

The Data Sheet includes the individual, anonymous responses of all responding companies for every field. Sorting the data in the data sheet will not affect the data on the Chart Sheet or Table Sheet.

Description of the field →
Individual company responses that can be sorted using Excel tools →

	# of employees	Industry	Region
1	301-500	Engineering/Architecture	Mid-Atlantic /
2	100 or fewer	Finance, Insurance, Real Estate	West
3	101-300	Health Care	Midwest
4	100 or fewer	Manufacturing	Midwest
5	100 or fewer	Manufacturing	Mid-Atlantic /
6	100 or fewer	Manufacturing	Mountains
7	100 or fewer	Manufacturing	West
8	more than 1000	Retail	West
9	101-300	Technology	Mid-Atlantic /
10	more than 1000	Construction	Mountains

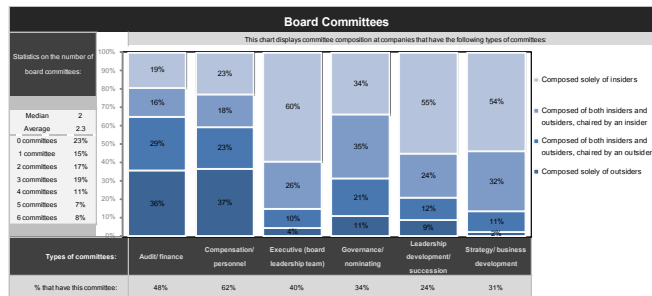
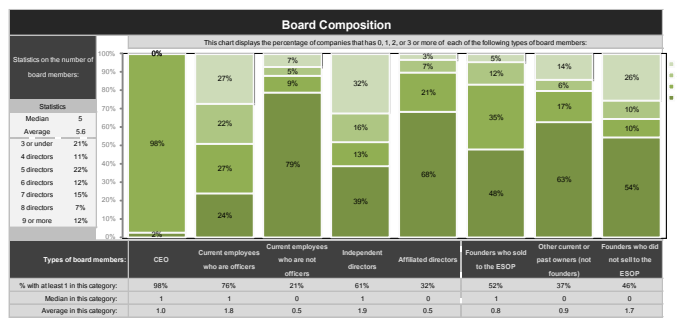
Using the Chart Sheet

The Chart Sheet allows users to customize charts with an easy-to-use customization table. Just place an "x" next to the types of companies you would like to have included in the charts.

Charts will automatically update to reflect only the data specified in the customization table.



Customization Chart	
Employees	
<input type="checkbox"/>	100 or fewer
<input type="checkbox"/>	101-300
<input type="checkbox"/>	301-500
<input type="checkbox"/>	501-1000
<input type="checkbox"/>	More than 1000
Industry	
<input type="checkbox"/>	Construction
<input type="checkbox"/>	Consulting/Analysis
<input type="checkbox"/>	Engineering/Architecture
<input type="checkbox"/>	Finance, Insurance, Real Estate
<input type="checkbox"/>	Health Care
<input type="checkbox"/>	Manufacturing
<input type="checkbox"/>	Other (please specify)
<input type="checkbox"/>	Retail
<input type="checkbox"/>	Service
<input type="checkbox"/>	Technology
<input type="checkbox"/>	Transport/Distribution
<input type="checkbox"/>	Wholesale
Region	
<input type="checkbox"/>	Midwest
<input type="checkbox"/>	West
<input type="checkbox"/>	Mountains/Plains
<input type="checkbox"/>	Northeast
<input type="checkbox"/>	Mid-Atlantic/Southeast
Revenue	
<input type="checkbox"/>	Up to \$10 million
<input type="checkbox"/>	\$10 million to \$50 million
<input type="checkbox"/>	\$51 million to \$100 million
<input type="checkbox"/>	\$101 million to \$200 million
<input type="checkbox"/>	\$201 million to \$500 million
<input type="checkbox"/>	\$501 million or more
Percent ESOP	
<input type="checkbox"/>	Less than 30%
<input type="checkbox"/>	30% to 50%
<input type="checkbox"/>	51% to 99%
<input type="checkbox"/>	100%
S or C Corporation	
<input type="checkbox"/>	S corporation
<input type="checkbox"/>	C corporation



Board Compensation		
	Inside director	Outside director*
Retainer	11%	57%
Fee per board meeting	12%	71%
Fee per interim board meeting	3%	27%
Fee per committee meeting	3%	33%
Deferred compensation	4%	7%
Equity-based compensation	5%	16%
Compensation amounts**		
Retainer fees	Inside director	Outside director
Average	\$10,002	\$19,008
10th percentile	\$1,000	\$2,075
25th percentile	\$1,875	\$6,000
Median	\$7,800	\$12,000
75th percentile	\$15,000	\$25,000
90th percentile	\$24,000	\$40,000
Fee per board meeting	Inside director	Outside director
Average	\$1,840	\$1,997
10th percentile	\$500	\$500
25th percentile	\$600	\$1,000
Median	\$1,000	\$1,500
75th percentile	\$3,000	\$2,500
90th percentile	\$4,800	\$4,000
Total director pay	Inside director	Outside director
Average	\$12,309	\$20,455
10th percentile	\$1,000	\$3,000
25th percentile	\$3,750	\$6,000
Median	\$8,000	\$12,000
75th percentile	\$18,000	\$27,500
90th percentile	\$29,500	\$47,100

Using the Table Sheet

The Table Sheet displays the same information on the Chart Sheet in concise, easy-to-read tables. The tables on the Table Sheet will update based on the criteria specified on the Chart Sheet.



Types of board members		CEO	Officer-	Non-officer	Independent	Affiliated	Founders (sold)	Other current or	Founders (did
# of responding companies:		153	153	153	153	153	122	122	122
% with at least 1 in this category		97%	73%	26%	60%	35%	53%	43%	43%
Median		1	1	0	1	0	1	0	0
Average		1.0	1.6	0.7	1.8	0.5	0.7	1.1	1.5
Number of directors		Board chair		Board elections		Number of board meetings			
Median	5	CEO	58%	Annually		70%	Full	Interim	
Average	5.5	Independent	12%	Every 2-5 years		14%	Median	4	1
4 or under	29%	Other executive	10%	As needed		11%	0-1 meetings	15%	57%
5 to 6 directors	38%	Former executive	15%	Never, rarely, or not defined		6%	2-3 meetings	19%	27%
7 to 8 directors	23%	Other	6%				4 meetings	40%	7%
9 or more	10%						5 meetings or more	27%	8%
Average director term		Types of committees		Audit/ finance	Compensation/	Executive	Governance/	Leadership	Strategy
5 years or less	29%	# of responding companies:		147	147	140	144	138	138
6 to 10 years	37%	% that have this type of committee:		44%	59%	41%	35%	22%	28%
11 to 15 years	12%	Outsiders only		31%	31%	5%	14%	10%	0%
16 to 20 years	13%	Both, chaired by an outsider		35%	25%	11%	18%	10%	13%
20 years or more	8%	Both, chaired by an insider		11%	13%	26%	30%	13%	28%
No limit	1%	Insiders only		23%	31%	58%	38%	67%	59%
Director compensation									
Types of Pay		Inside director	Outside director*	Affiliated director*	Total director pay		Inside director	Outside director	Affiliated director
# of responding companies:		97	87	20	# of responding companies:		25	83	29



For more information about the 2012 Corporate Governance Survey or other NCEO research offerings, contact Camille Kerr at ckerr@nceo.org or 510-208-1310.