

Block 2

Intro.

INTRODUCTION

Thank you for participating in the NCEO's 2015-16 Corporate Governance survey. This brief survey is designed to help the ESOP community learn about corporate governance practices.

The survey should take no more than 20 minutes to complete. It asks for:

- Board composition, terms, and compensation;
- Trustee characteristics;
- And a few demographics to help in making comparisons with the data.

All of your answers to this questionnaire will be completely confidential.

If you want to receive a free summary report of the results, provide your email address at the end of the questionnaire. We will strip your email address and any other identifying information from the database before we begin our analysis.

Contact Research Project Director, Nancy Wiefek (nwiefek@nceo.org or 510-208-1312) with any questions.

Q1.

Before we begin, does your company have an ESOP in place currently?

- Yes
- No

Default Question Block

Q2.

When did your company establish an ESOP? (Please answer with a 4-digit year)

Q3.

What percentage of the company's shares are owned by the ESOP?
(Please enter a number between 0 and 100)

Q4.

Is your company an S or C corporation?

S corporation

C corporation

Q5.

Is your company's stock listed on a public stock exchange?

Yes

No

Board structure, meetings, and director terms

Q6.

How many of the following individuals are on your board currently?

(The sum of your answers for A through E should equal the total number of directors on your board.)

Number

A. The CEO (or if you do not have a CEO, the top executive officer)

B. Current employees who are officers of the company other than the CEO

C. Current employees who are not officers of the company

D. Independent directors (i.e., directors with no current or past employment with the company or direct financial relationship, other than compensation for director services)

E. Affiliated directors (i.e., non-employees with an ownership or business interest in the company, retired employees, or family members of employees, owners, or business partners)

Q7.

How many directors fit into the following categories?

Number

Company founder(s) who sold shares to the ESOP

Other current or past owner(s) (not a founder) who sold shares to the ESOP

Current owner(s) who did not sell shares to the ESOP

Q8.

How many in-person full board meetings do you expect to have in the entire 2015 calendar year? (please provide a single number, not a range)

Q9.

How many virtual board meetings (by phone, Skype, etc.) do you expect to have in the entire 2015 calendar year? (please provide a single number, not a range)

Q10. How are the following committees composed?

	Audit/ Finance	Compensation/ Personnel	Exe (B Leac Te
We do not have this committee	<input type="radio"/>	<input type="radio"/>	
Composed solely of outsiders (i.e., independent or non-affiliated)	<input type="radio"/>	<input type="radio"/>	
Composed of both insiders and outsiders, chaired by an insider	<input type="radio"/>	<input type="radio"/>	
Composed of both insiders and outsiders, chaired by an outsider	<input type="radio"/>	<input type="radio"/>	
Composed solely of insiders	<input type="radio"/>	<input type="radio"/>	

Q11.

Which of the following best describes the chair of your board?

- CEO
- Other executive
- Former executive
- Independent (i.e., directors with no current or past employment with the company or direct financial relationship, other than compensation for director services)
- Other (please specify)

Q12.

How often are board elections? (enter a number of years or briefly describe)

Q13. Does your board have staggered terms?

Yes

No

Other

Q14. If you have term limits for your board, how long are they?

We don't have term limits

One year

Two years

Three years

Four or more years

Other

Q15. How important are the following criteria in selecting independent directors?

	the most important	very important	somewhat important	not at all Important
Specific knowledge (marketing, finance, HR, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industry expertise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other board experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ESOP expertise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relationships with key constituents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q16. Any other considerations you want to note?

Q17. Does your company have a written policy (board policies or bylaws) on...

	Yes	No
Director performance? (i.e., job description, principles, statement of responsibilities)	<input type="radio"/>	<input type="radio"/>
Removing a director? (i.e., a code of conduct)	<input type="radio"/>	<input type="radio"/>
How it will respond to unsolicited offers?	<input type="radio"/>	<input type="radio"/>

Q18. Any other comments on board structure, meetings, or director terms?

Director Compensation

Q19.

How much do you pay your directors for each of the components listed below. If you don't offer that type of compensation, please check not applicable. (Use the present dollar value of any equity awards if you pay part or all of the fee in this form)

	Not applicable (We don't provide that type of pay)	Inside director (current employees)	Independent director (i.e., directors with no current or past employment with the company or direct financial relationship, other than compensation for director services)	Affiliated director (i.e., non-employees with an ownership or business interest in the company, retired employees, or family members of employees, owners, or business partners)
Retainer (i.e., not based on number of meetings)	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Fee per board meeting	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Fee per interim board meeting	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Fee per committee meeting	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Deferred compensation denominated in cash	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Equity-based compensation	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other <input type="text"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Q20. Please indicate how much in additional retainer or fees each of the following receive.

	Not applicable (We don't pay additional fees)	Amount
The board chair	<input type="checkbox"/>	<input type="text"/>
Committee chairs	<input type="checkbox"/>	<input type="text"/>

Q21.

If your directors receive equity-based compensation, is it a full value award (such as phantom stock, restricted stock or restricted stock units) or an appreciation-only award (such as stock appreciation rights or stock options)?

- Full value award
- Appreciation-only award

Q22.

If your directors receive equity-based compensation, what is the vesting term in years?

Q23.

Do directors at your company have an ownership interest in the company? (Check all that apply.)

- No
- Yes, some or all have founding shares
- Yes, some or all have purchased shares
- Yes, some or all have been given shares
- Yes, some or all have received shares through the ESOP
- Yes, some or all have received shares through other employment-based programs
- Yes, some or all have received shares or synthetic equity as directors through stock--based compensation

Q24. Any other comments on director compensation?

Trustee Information

Q25.

Please choose which of the following best describes your current ESOP trustee. Then check any types you have had in the last five years. (Please answer regarding the trustee for normal operations. Later questions ask about your use of a different trustee to evaluate specific transactions)

	Current ESOP trustee type (choose one)	Had this type sometime in the last five years (check all that apply)
An institutional trustee	<input type="checkbox"/>	<input type="checkbox"/>
An individual who is not an employee	<input type="checkbox"/>	<input type="checkbox"/>
An individual who is an employee	<input type="checkbox"/>	<input type="checkbox"/>
A committee composed only of employees	<input type="checkbox"/>	<input type="checkbox"/>
A committee composed only of non-employees	<input type="checkbox"/>	<input type="checkbox"/>
A committee composed of employees and non-employees	<input type="checkbox"/>	<input type="checkbox"/>

Q26.

If you have an inside trustee or a trustee committee, what other roles at the company does the trustee (or any member of the trustee committee) fill? (Check all that apply)

- CEO
- Director
- CFO
- Top HR position
- Seller
- Current shareholder
- Board chair
- Consultant

Q27. If you have a trustee committee, how many people on the committee are...

Number

Currently employees
of the company, who
are management

Currently employees
of the company, who
are not management

Not currently
employees

Q28. Are you considering making any changes to the type of ESOP trustee in the next several years?

- No
- Yes, please briefly explain

Q29.

Is your ESOP trustee directed for everything, directed except for the valuation, or discretionary (where the trustee has sole discretion, except as required by law)?

- Directed on ALL issues
- Directed on all issues EXCEPT for the valuation determination
- Discretionary on ALL issues
- Other, please specify

Q30.

If you have a directed trustee, who directs the trustee?

- Senior management
- Board of directors
- The ESOP administrative committee
- Other (please specify)

Q31. Are you considering making any changes to how your ESOP trustee is directed? (e.g., change to discretionary)

- No
- Yes, please briefly describe

Q32.

If you do not currently have an outside, discretionary trustee, how likely is it that the company would hire one for a specific future transaction, in the event that the transaction requires a trustee decision? (e.g. purchase of stock, sale of company, plan termination)

- Very Unlikely
- Somewhat Unlikely
- Somewhat Likely
- Very Likely
- Not applicable

Q33.

If you have an outside trustee, how much did you pay the trustee in the most recently completed fiscal year?

Q34.

Did you have an ESOP transaction in the most recently completed fiscal year?

- Yes
- No

Q35.

How is your administrative committee composed?

- only current employees
- only non-employees
- employees and non-employees

Q36.

What was your main consideration in choosing the fiduciary structure you did?

Q37.

Is your ESOP trustee someone who was a majority stockholder of the company at some point?

- Yes
- No

Q38. If you have Directors and Officers (D&O) liability insurance, what are the terms for your policy? Please type in NA if not applicable

Amount

Coverage limit

Deductible

Q39. If you have ERISA Fidiciary Liability Insurance, what are the terms for your policy? Please type in NA if not applicable

Amount

Coverage limit

Deductible

. Role for Employees

Q40.

What voting rights does your ESOP provide?

- Pass-through voting rights for all shareholder actions
- Voting rights beyond what is required by law, but not full pass-through voting rights
- What is required by law (e.g., merger, sale of substantially all assets, acquisition, liquidation, reclassification, etc.)

Q41.

Do ESOP participants direct votes on a one-share-one-vote basis, or on a one-participant-one-vote basis?

- one-share-one-vote
- one-participant-one-vote

Q42.

Do participants have a role in selecting the trustee?

No

Yes, please briefly describe

Q43. The NCEO will be presenting the findings from this survey at our upcoming annual conference in April. Please let us know what you think would be the most interesting and relevant to focus on. For example, is there a question or a topic you would most want to discuss with other ESOP companies?

Demographics

Q44.

Which of the below best describes your industry?

- Construction
- Manufacturing
- Wholesale trade
- Retail trade
- Finance, insurance, real estate
- Professional, scientific and technical services
- Health care and social assistance
- Information, technology (computers, biotechnology, software)
- Other (please specify)

Q45.

How many full and part-time employees does your company have?

Q46. Where is your company's headquarters?

State

Postal Code

Q47.

What is the approximate value of all of your company's outstanding shares based on the most recently completed ESOP valuation? (Please provide your answer in dollars)

Q48. What was the dollar value of your company's revenues in the most recently completed

fiscal year?

Q49. If you don't feel comfortable answering the exact amount, please choose a category below for the dollar value of your company's revenues in the most recently completed fiscal year.

- Up to \$10 million
- \$10 million to \$50 million
- \$51 million to \$100 million
- \$101 million to \$200 million
- \$201 million to \$500 million
- \$501 million or more

Q50.

If you would like to receive a copy of the summary of the results of this survey, please provide your contact information below. All identifying information will be removed from the database and your answers will not be associated with your company in any way.

Name

Email address

Q51.

Thank you for your participation!

If you have any comments, additions or clarifications, please enter them here.