

Corporate Board Survey Results: 2018 Trends & Insights

March 2018

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Strengthening boardrooms and executive teams

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2018: Summary

JWC Partners' 2018 survey of board directors reveals new insights about board challenges with structure and succession; we are delighted to share these with you. More than 105 board members contributed, from boards of all sizes, with the majority from public companies in the United States with revenues >\$1 billion. Key findings:

Strategy, Technology, and Leadership Succession

- Strategy continues to be a pressing issue in the boardroom, and directors see it growing in importance in the next 5-10 years.
- Leadership succession is also top of mind for directors, particularly the CEO role.
- Technology is a top issue both in the boardroom and the executive suite; digital fluency is increasingly expected at all levels.

Board structure and Chair/Lead Director role evolves

- Most boards have by now separated the CEO/Chairman/Lead Director role, but new board structures and the way they function varies a great deal.
- Some Lead Directors fill the same role as Chairman, others are very different, but most boards see the change as an improvement and would not return to the previous structure.

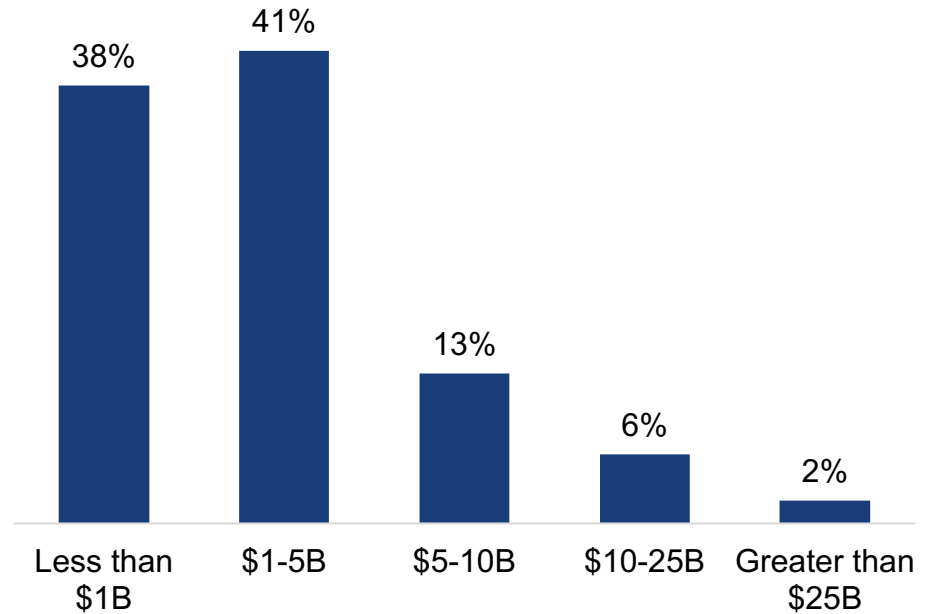
Succession Planning Falls Short

- While the role of Chairman/Lead Director has changed, succession planning is often ad hoc. Most boards have not put practices in place to identify and develop their next Chairman or Lead Director.
- Most boards use committee rotations to develop directors.
- Directors are divided in their assessments of their annual meetings, but most have no plans to improve them.

Board Revenues

Responses=106

[Amend 'Less than' and 'Greater than' to < and >



Strategy and Talent Development remain key issues in the executive suite

- Strategic perspective will become increasingly important in the executive suite.
- Boards see leadership development, succession, and talent pipeline as the most challenging areas of human capital management.
- Most boards turn to an executive search firm when seeking new directors and external talent.

Please contact JWC Partners for further information about the survey and results.

We thank all of the directors for sharing their perspectives.

Source: Corporate Board Survey 2018

For the past several years, directors have considered corporate strategy and CEO succession the most important boardroom topics

IMPORTANCE OF TOPICS IN BOARDROOM

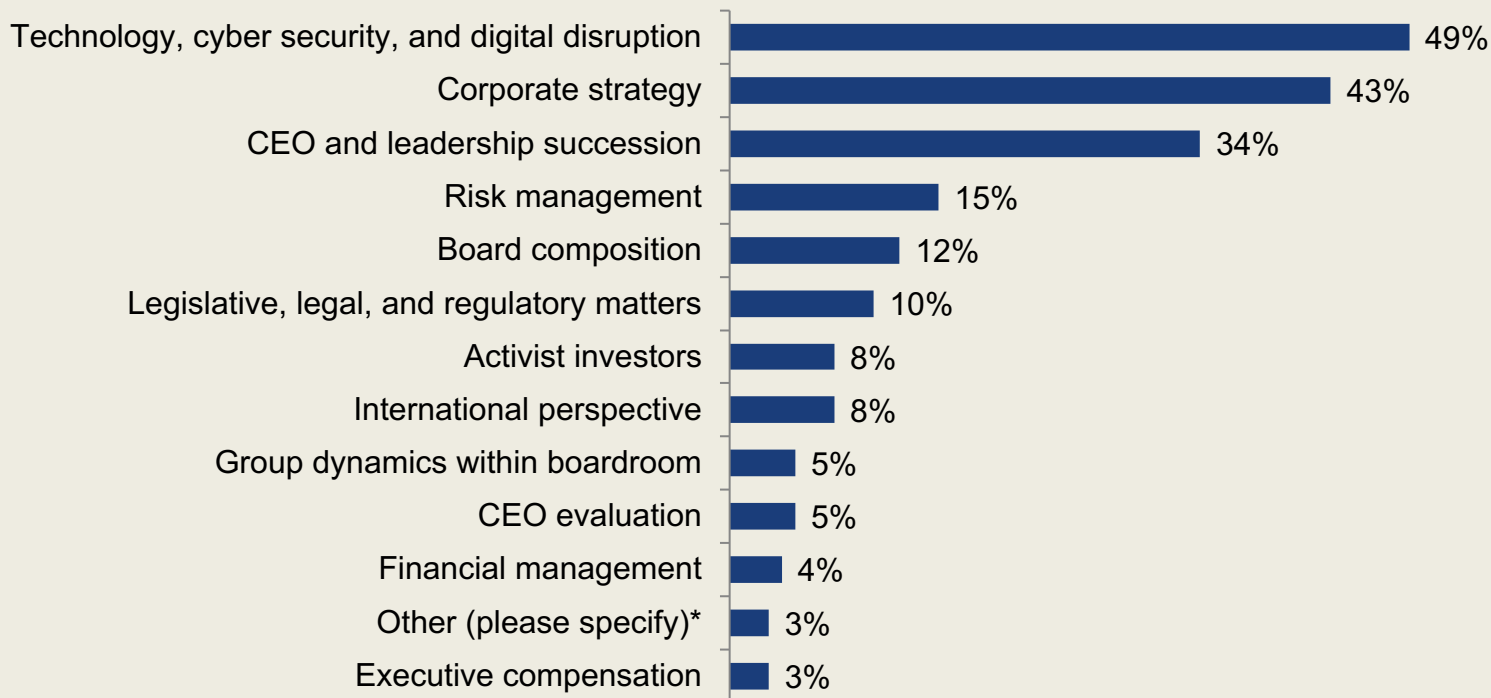
Rating (1-7 scale)



Directors identify technology, corporate strategy, and CEO and leadership succession as increasingly important board topics

IN THE FUTURE, WHICH TWO TOPICS WILL BECOME MOST IMPORTANT, REQUIRING MORE TIME IN THE BOARDROOM?

Percent selected as top two most important topics



*Other: Execution on new investments and acquisitions. Increasing audit requirements. Strategic disruption.

Directors identify IT expertise, diversity, and active CEO perspective as the most underrepresented skills in the boardroom today

UNDERREPRESENTED SKILLS AND EXPERIENCE

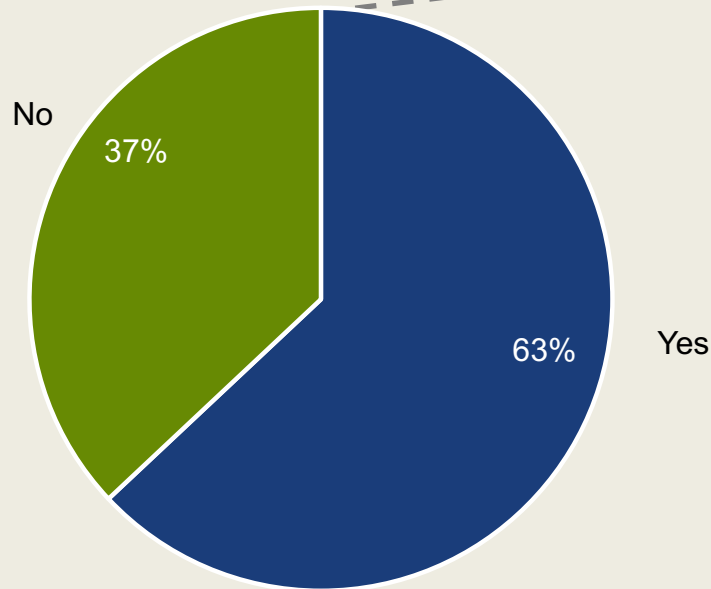
Percent selected as top three most important topics



Nearly two-thirds of boards report a split Chairman/CEO structure. Chairmen have a variety of backgrounds, most commonly the company's former CEO

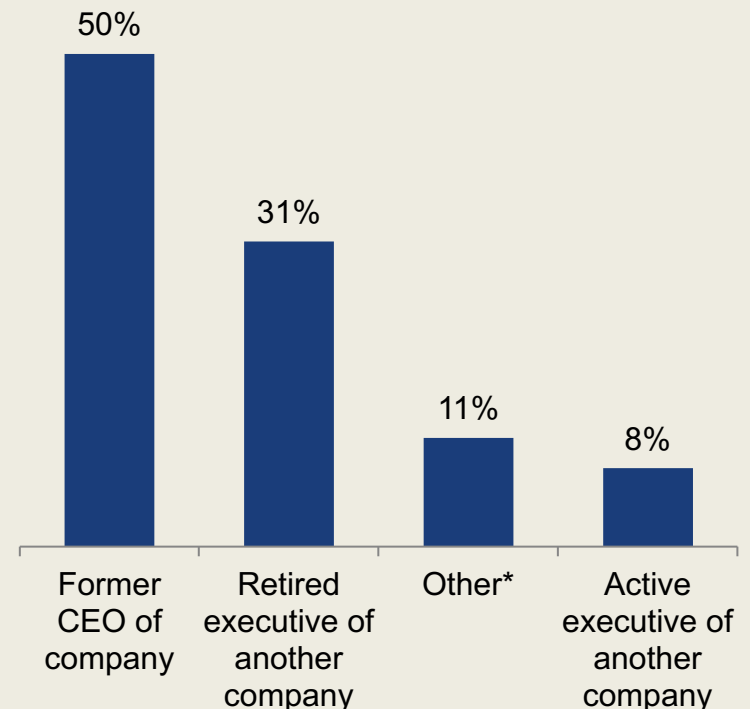
DO YOU HAVE A SPLIT CHAIRMAN AND CEO STRUCTURE?

Percent of Responses



WHAT IS THE BACKGROUND OF YOUR CHAIRMAN?

Percent of Responses

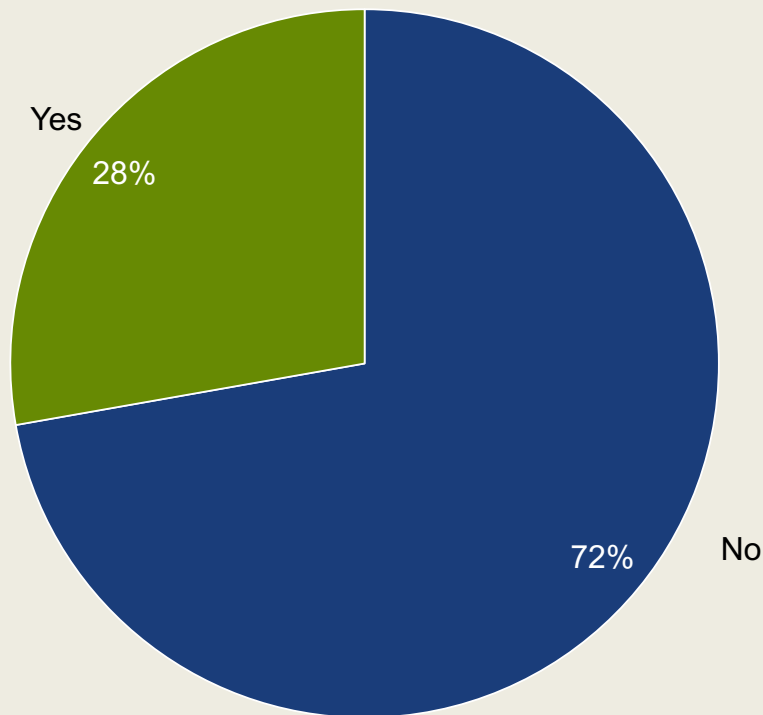


*Other: Attorney, former outside counsel for the company, retired Chairman.

Nearly 30% who don't currently have a split Chairman/CEO structure report considering it in the future

ARE YOU CONSIDERING SPLITTING THE CHAIRMAN AND CEO ROLE IN THE FUTURE?

Percent of Responses



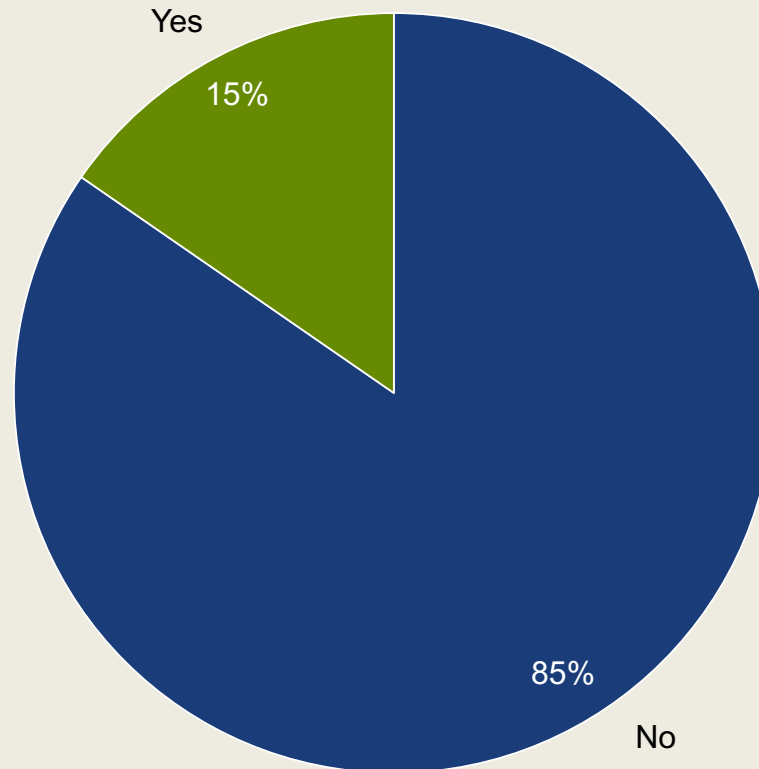
Comments:

- *The right answer is situational.*
- *A strong Lead Director accomplishes the same objective as a Chairman.*
- *We have had the position separate and we have had it combined.*

Fewer companies who do have a split structure are considering recombining them

ARE YOU CONSIDERING RECOMBINING THE CHAIRMAN AND CEO ROLES IN THE NEXT FEW YEARS?

Percent of Responses



Board directors have widely varied perspectives on the degree of difference between the role of the Lead Director and Independent Chairman

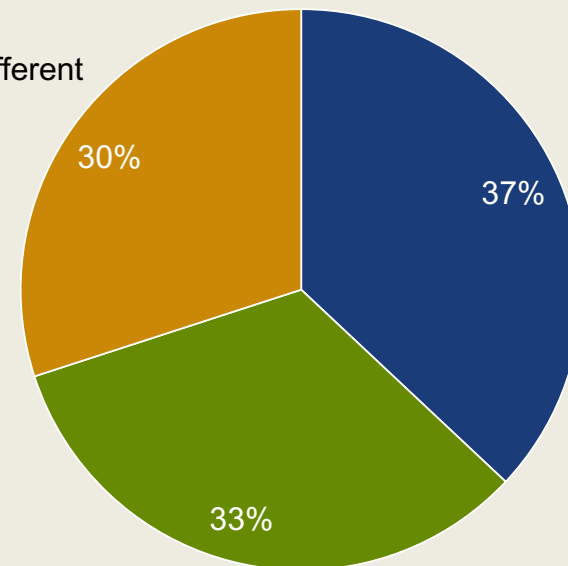
HOW DIFFERENT ARE THE ROLES OF LEAD DIRECTOR AND INDEPENDENT CHAIRMAN?

Percent of Responses, *Comments*

- *Independent Chairman is more powerful and has full responsibility for setting the board agenda.*
- *Independent Chairman must have a good sense about the entire company and more of a global vision when compared to the Lead Director.*
- *Independent Chairs must be always concerned with what the board is not doing and make certain mission-essential elements are handled by those responsible.*

- *A Lead Independent Director ensures that all independent directors have open communication in executive sessions without the CEO/Chairman.*
- *Lead Director focuses on M & A transactions.*
- *Lead Director monitors and helps other directors and makes certain [‘sure’ better] members are prepared for the next board or committee meeting. He/she also monitors longer-ranging assignments.*
- *They work very closely together on the board agenda, structure and board meeting process. Lead Director is a voice of the board for interactions with the CEO and chairs independent director executive sessions.*

Extremely different



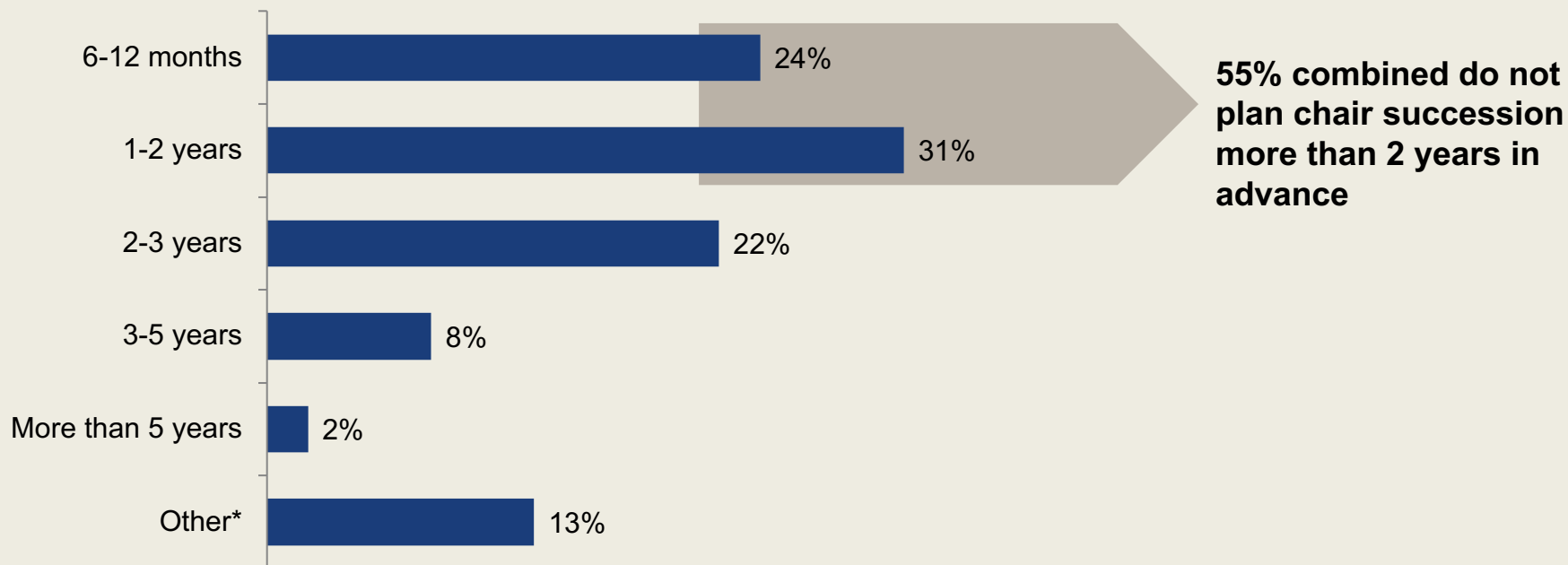
Not at all different

Slightly different

Most boards do not have a long-, or even medium-term succession plan for Chairman, Lead Director, or committee chairs

HOW FAR IN ADVANCE DO YOU DEVELOP CHAIRMAN/LEAD DIRECTOR OR COMMITTEE CHAIR SUCCESSION PLANS?

Percent of Responses

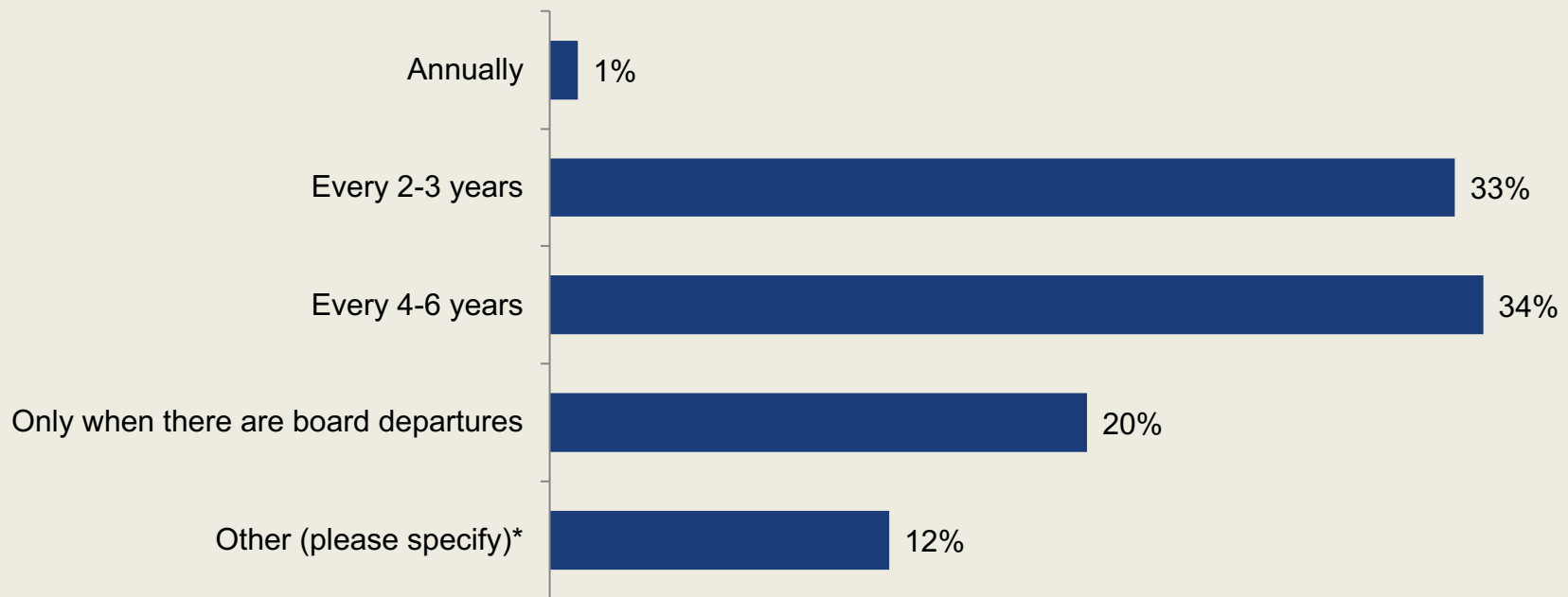


*Other: No change in past 5 years, no specific time identified, unsure, depends on situation and departures, vote on Lead Director annually, when changes in the board are anticipated (no set timeline).

Most boards rotate committee chairs and members with regular frequency

HOW FREQUENTLY DO YOU ROTATE COMMITTEE CHAIRS AND MEMBERS?

Percent of Responses



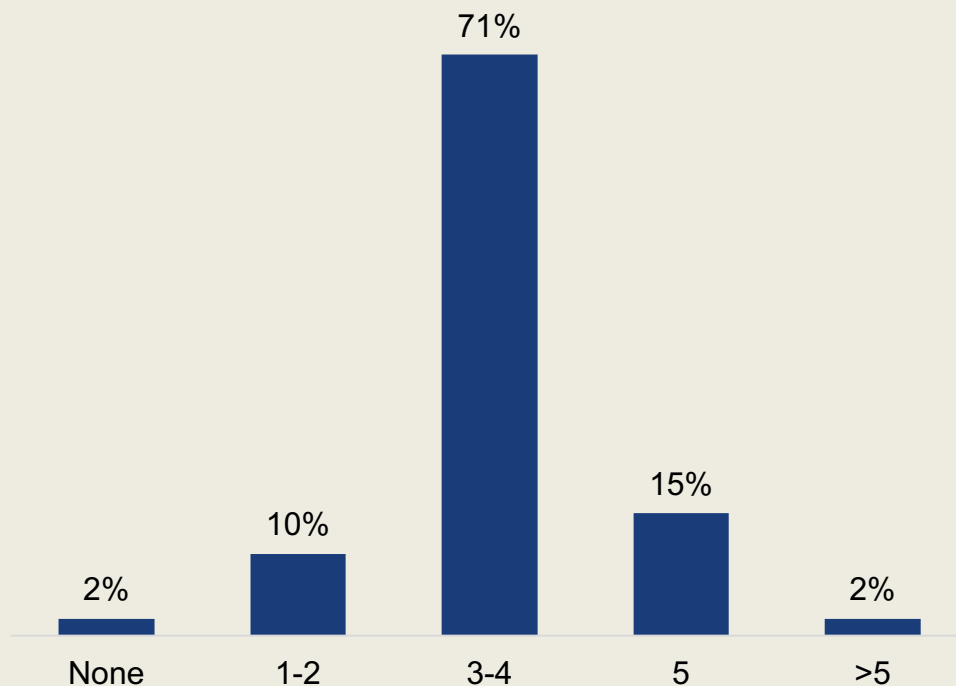
*Other:

- Audit: 5-7 years; others 3-4 years
- Chair/Leader Director positions every 5 years
- Committee member rotation based on Board composition change

Beyond Audit, Compensation, Executive, and Nominating & Governance committees, some boards have Growth, Risk, and Investment committees

HOW MANY COMMITTEES DOES YOUR BOARD HAVE?

Percent of Responses



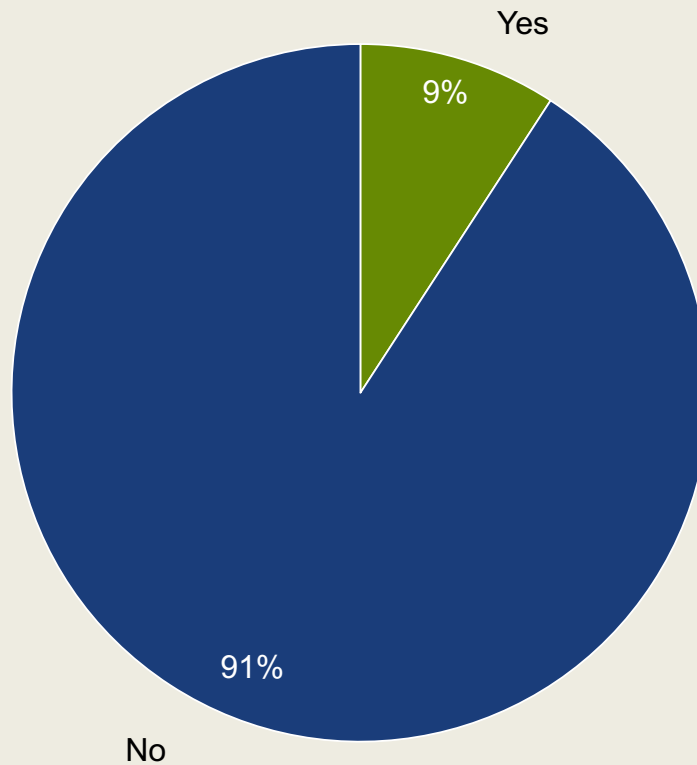
Most boards report Audit, Compensation, Executive and Nominating & Governance committees. Other committees include:

- Risk
- Investment
- Operations
- Compliance
- Regulatory Affairs
- Growth
- Environmental Affairs
- HR
- M&A
- Nuclear Review/Public Policy

Most boards are not considering adding another committee, but those that are overwhelmingly note technology

ARE YOU CONSIDERING ADDING A COMMITTEE TO THE BOARD?

Percent of Responses

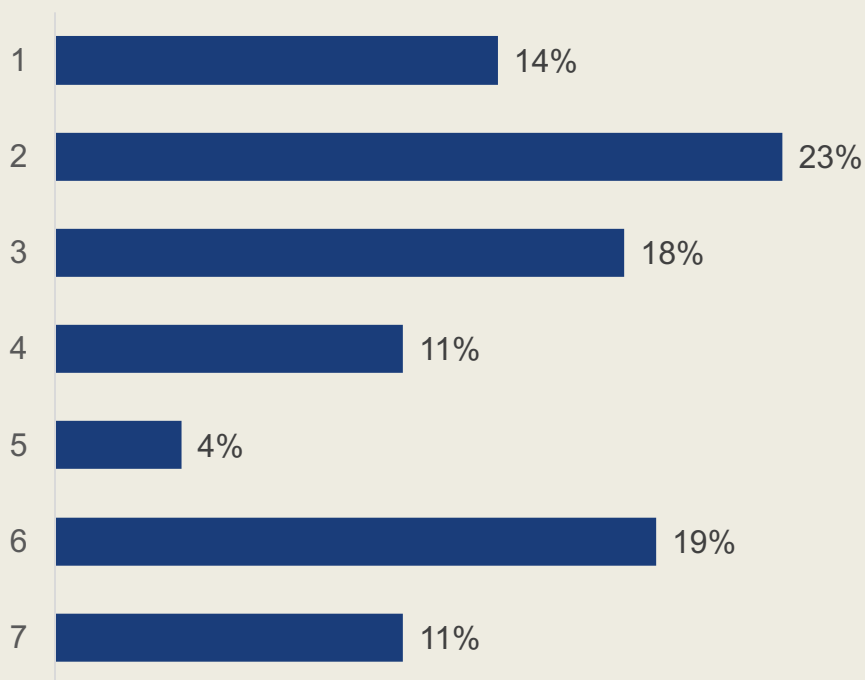


Comments:

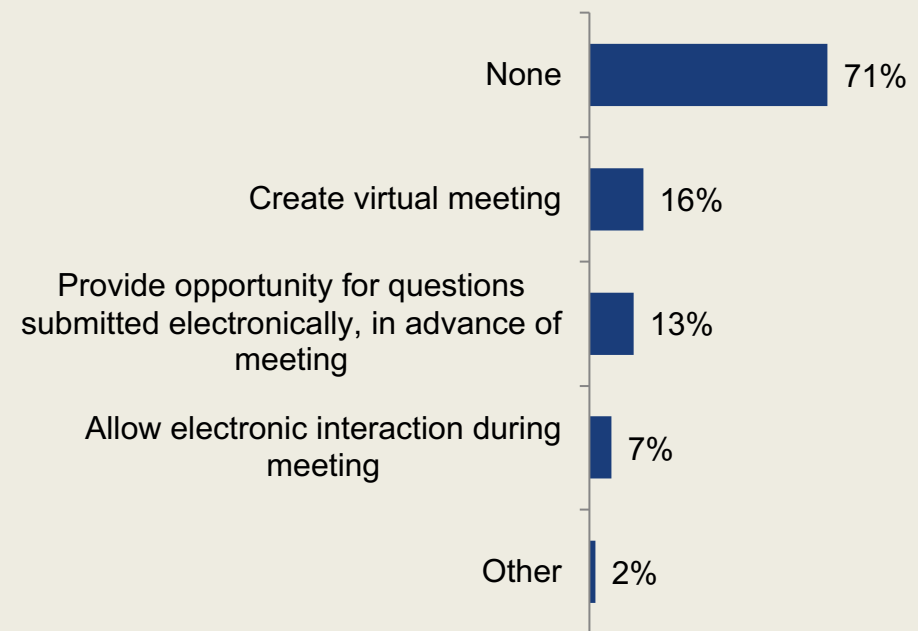
- We are having discussions regarding the creation of a Technology Committee.
- Strategy/Innovation Technology Committee
- Technology
- Technology Committee

Directors do not believe annual meetings are effective, yet the vast majority have no plans to change them

HOW EFFECTIVE ARE YOUR ANNUAL MEETINGS? (1 = completely ineffective; 7 = extremely effective)



WHAT CHANGES ARE YOU CONSIDERING FOR YOUR ANNUAL MEETING?



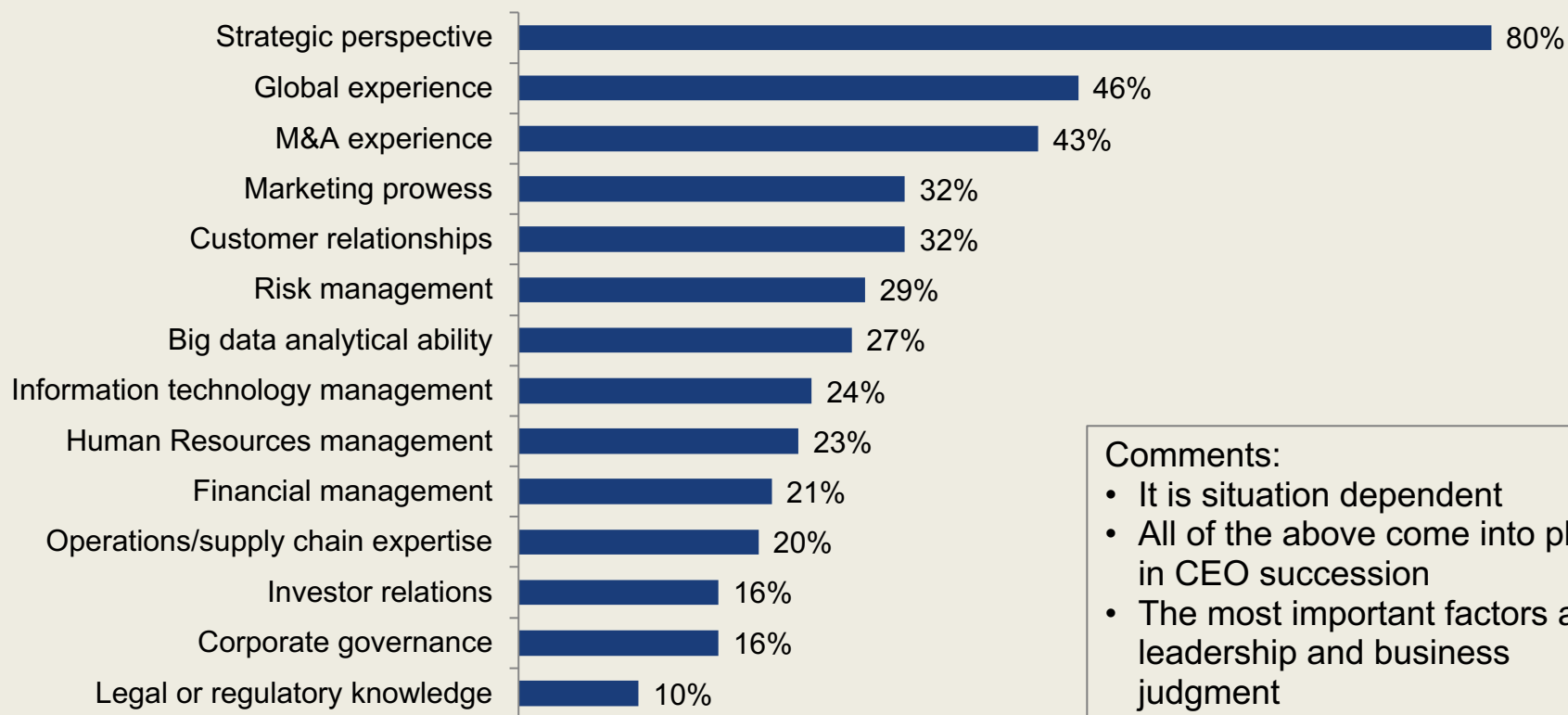
Comments:

- We are working hard to make our annual meeting more interactive.

Strategic perspective stands out as a skill that will become increasingly important in the executive suite as well as the boardroom

INCREASINGLY IMPORTANT SKILLS IN THE EXECUTIVE SUITE IN THE NEXT 5-10 YEARS

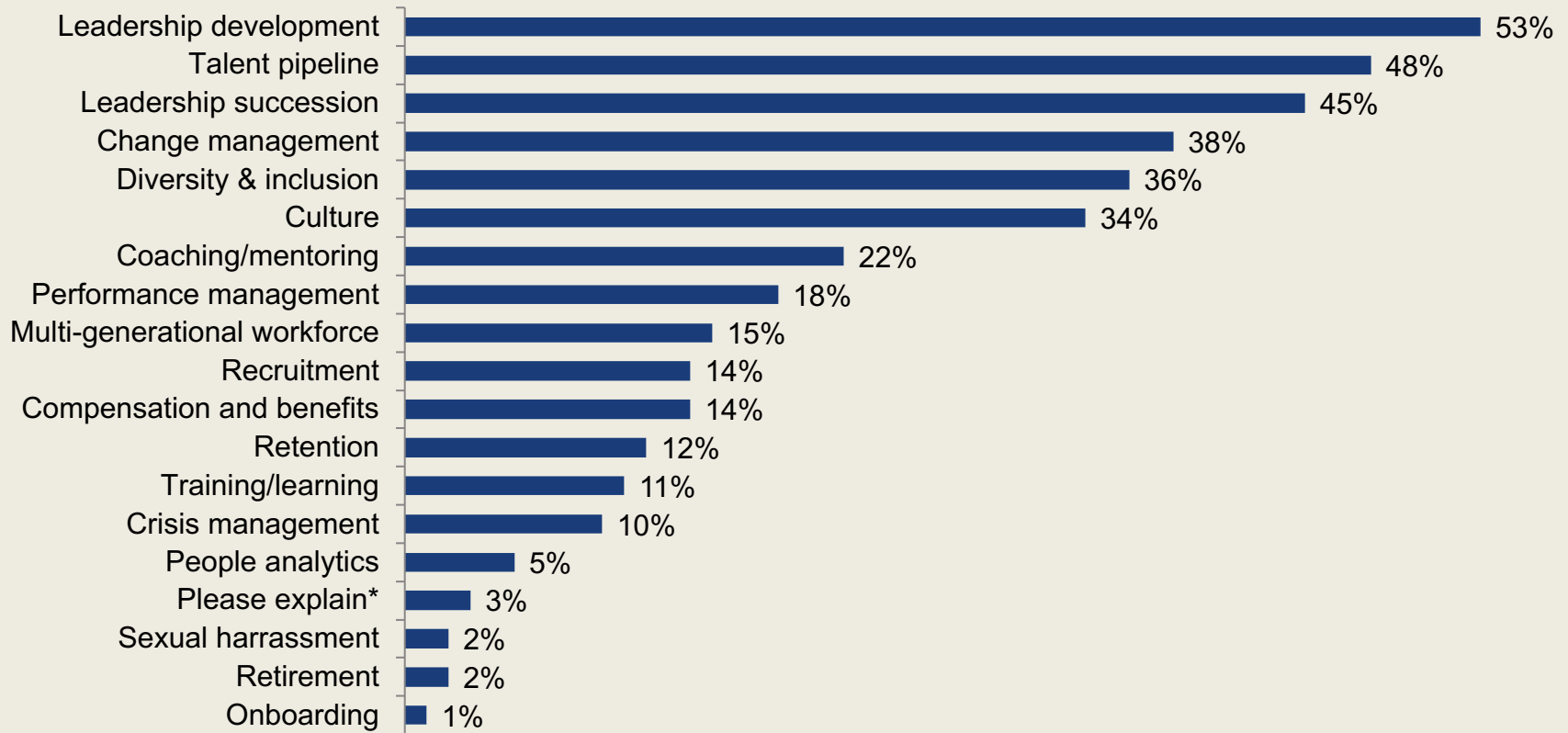
Percent of Responses



Boards see leadership development, succession, and talent pipeline as the most challenging areas of human capital management within their companies

WHAT AREAS OF HUMAN CAPITAL MANAGEMENT ARE CURRENTLY THE MOST CHALLENGING?

Percent of Responses

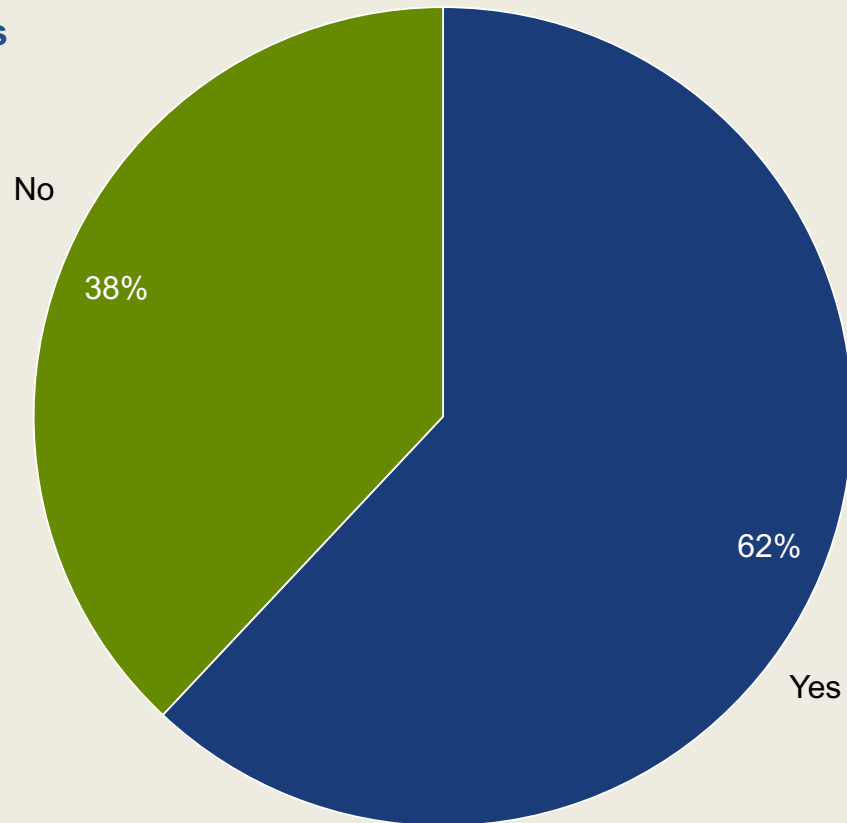


*Maintaining cultural vision and value driver understanding; operational execution, developing a lean culture; people leaving the industry.

Most boards report using a firm to assist them in recruiting directors

USE OF EXECUTIVE SEARCH FIRM

Percent of Responses



Contact Information



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