



# Board Practices Quarterly

## **Back to basics: Board committees**

June 2022

*Results by respondent demographic*

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Back to basics: Board committees

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### Results by respondent demographic

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Respondents, primarily corporate secretaries, in-house counsel, and other in-house governance professionals, represent public companies.

Public company respondent market capitalization as of December 2021: 46% large-cap (which includes mega- and large-cap) (>\$10 billion); 52% mid-cap (\$2 billion to \$10 billion); and 2% small-cap (includes small-, micro-, and nano-cap) (<\$2 billion). Respondent industry breakdown: 34% energy, resources, and industrials; 28% financial services; 17% consumer; 13% technology, media, and telecommunications; and 7% life sciences and health care.

Results pertaining to small-cap and private companies have been omitted due to limited respondent population.

Response percentages may not add up to 100% due to rounding.

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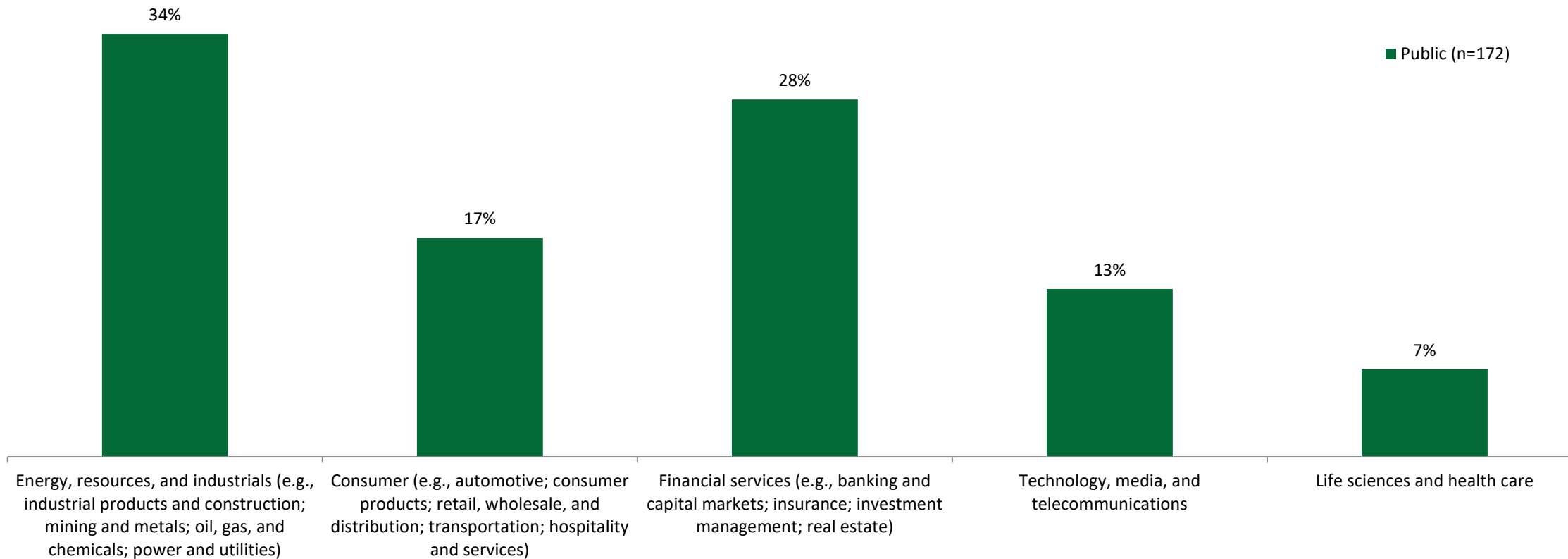


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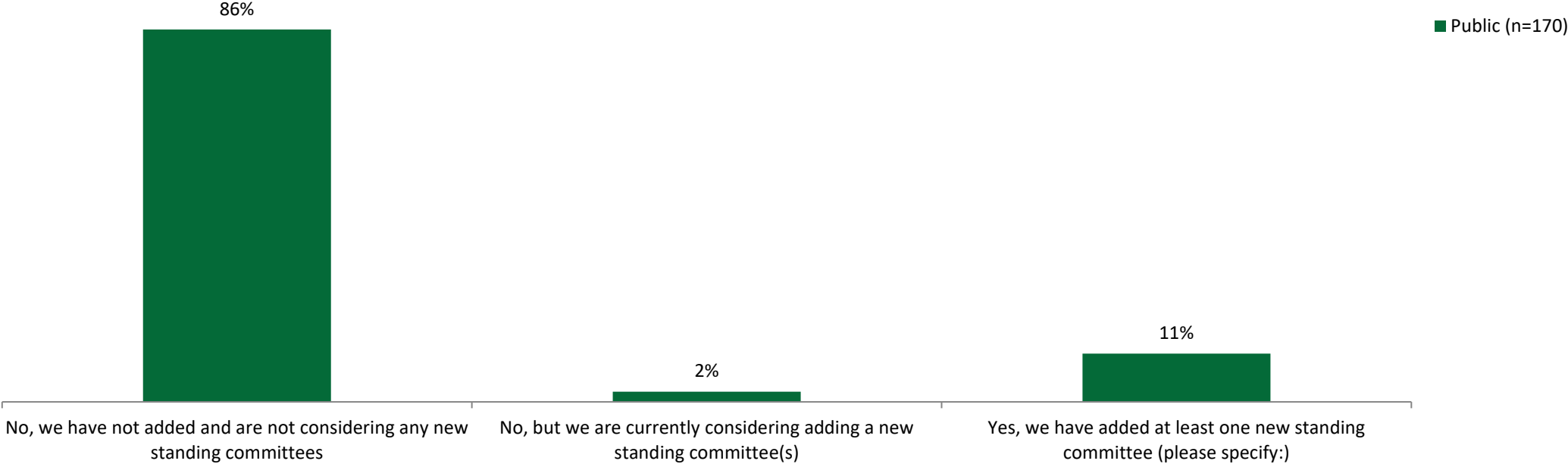
## Public companies

180 public companies responded to the survey. An “n” value is provided to show the actual number of responses for each question.

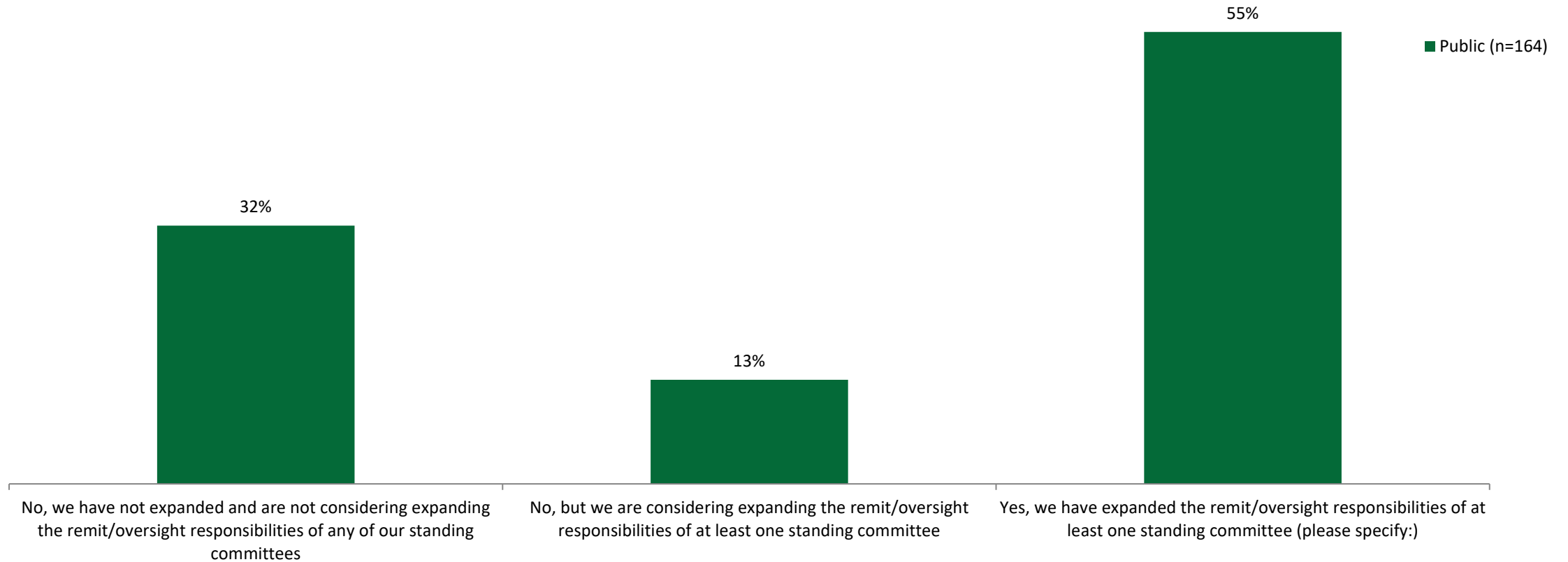
### Indicate your company's industry:



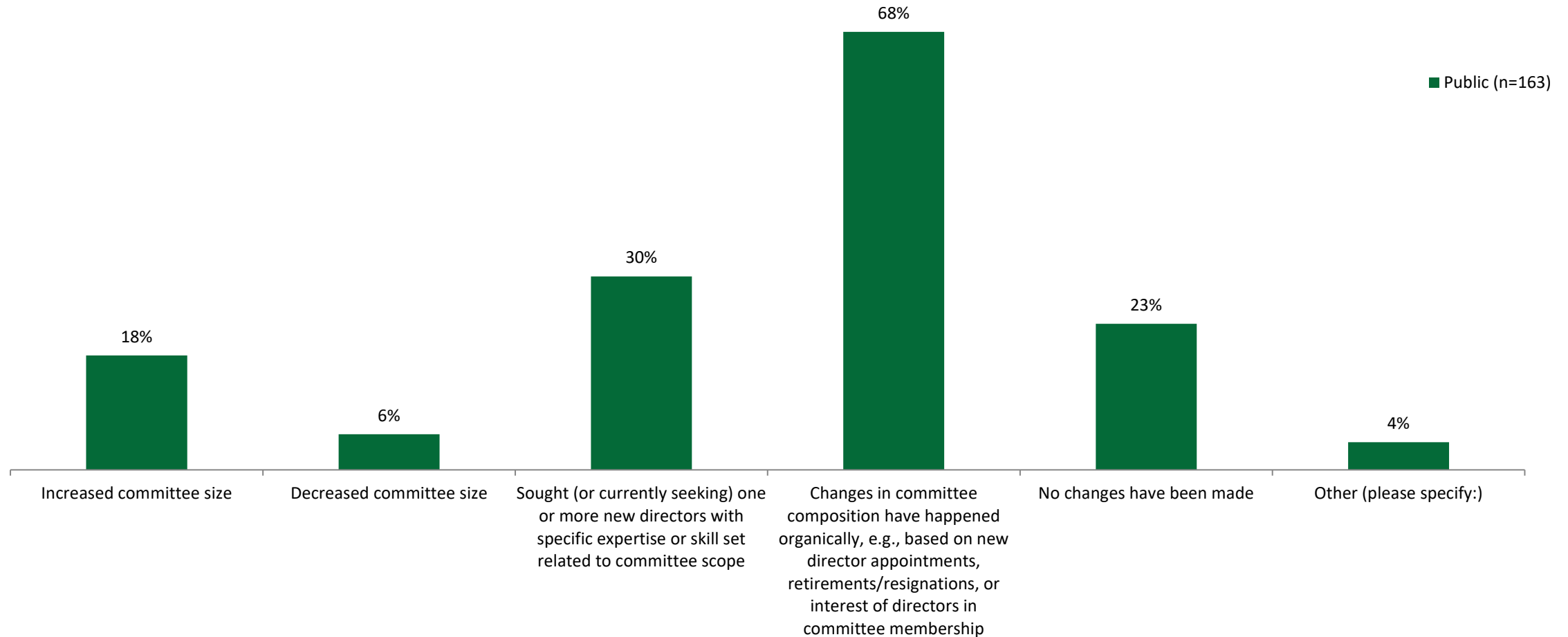
### Has your board added any new standing committees in the past year?



**Has your board formally expanded (i.e., by resolution and/or changes to committee charter) the remit/ oversight responsibilities of any existing standing committees in the past year? (For example, expansion of the compensation committee to include human capital management oversight or expansion of the nominating and governance committee to include sustainability oversight)**



**Describe which of these changes have been made to your board committee composition in the past year.  
[Select all that apply]**



**Indicate where primary oversight of the following areas resides among the board and its committees, and whether any modifications have been made to the delegation of primary oversight in the past year. [Select all that apply]**

*Shading indicates results ≥30%.*

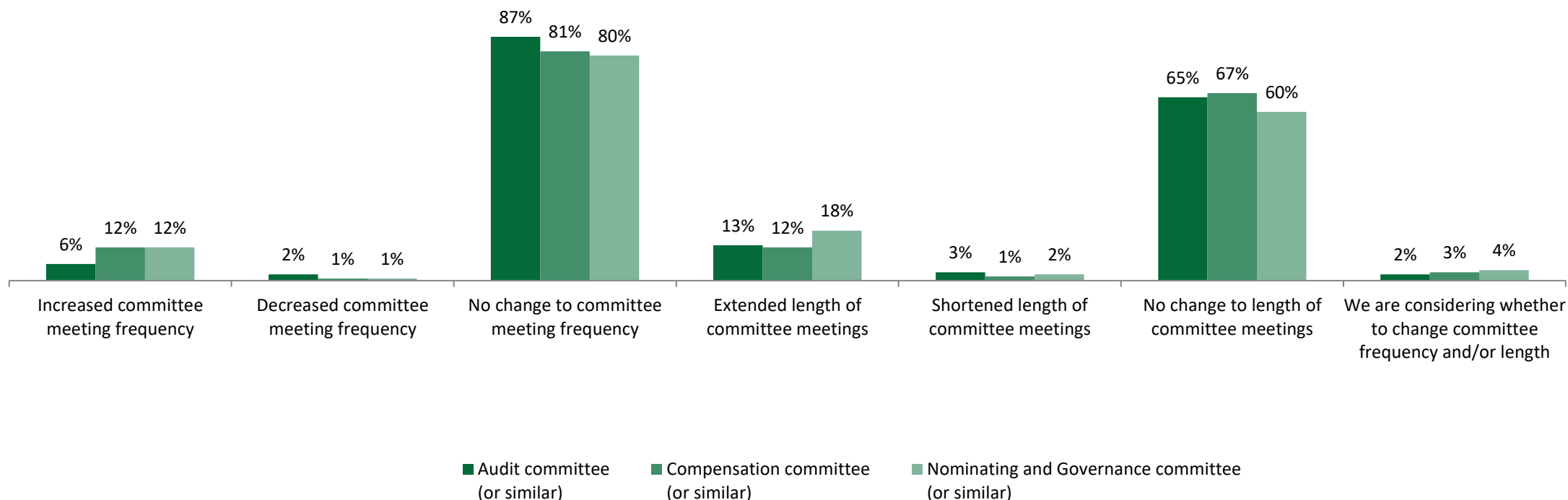
|   | Full board | Audit committee (or similar) | Compensation committee (or similar) | Nominating and Governance committee (or similar) | Risk committee (or similar) | Other committee | Not applicable | Oversight changed; it is now primarily at the full board-level | Oversight changed; it is now primarily at the committee-level | No change to oversight, but we are considering or have considered doing so |
|---|------------|------------------------------|-------------------------------------|--|-----------------------------|-----------------|----------------|--|---|--|
| Enterprise risk management (ERM)  | 44%        | 50%                          | 1%                                  | 4%   | 18%                         | 1%              | 1%             | 0%   | 1%  | 5%   |
| Climate change, water, and other environmental  | 25%        | 5%                           | 1%                                  | 58%  | 9%                          | 14%             | 1%             | 1%   | 5%  | 6%   |
| Political spending  | 13%        | 2%                           | 0%                                  | 47%  | 0%                          | 7%              | 28%            | 1%   | 4%  | 2%   |
| Community impacts/relations   | 21%        | 1%                           | 3%                                  | 45%  | 2%                          | 9%              | 16%            | 1%   | 1%  | 4%   |
| Human capital/Workforce/Talent  | 19%        | 2%                           | 75%                                 | 9%   | 0%                          | 1%              | 2%             | 0%   | 5%  | 4%   |
| Workforce DEI (diversity, equity, and inclusion)  | 24%        | 1%                           | 66%                                 | 24%  | 0%                          | 1%              | 1%             | 0%   | 6%  | 4%   |
| Corporate culture   | 47%        | 1%                           | 29%                                 | 14%  | 0%                          | 3%              | 10%            | 1%   | 2%  | 4%   |
| Shareholder proposals   | 24%        | 1%                           | 4%                                  | 71%  | 1%                          | 1%              | 6%             | 0%   | 1%  | 4%   |
| Shareholder engagement  | 28%        | 1%                           | 11%                                 | 61%  | 0%                          | 4%              | 5%             | 0%   | 0%  | 4%   |
| Cybersecurity   | 30%        | 61%                          | 1%                                  | 2%   | 16%                         | 6%              | 0%             | 1%   | 3%  | 4%   |
| Technology strategy (e.g., IT infrastructure, innovative and disruptive technology, social media) | 44%        | 29%                          | 0%                                  | 2%   | 10%                         | 13%             | 9%             | 1%   | 1%  | 3%   |
| Corporate compliance and ethics   | 15%        | 57%                          | 5%                                  | 32%  | 6%                          | 1%              | 0%             | 1%   | 1%  | 3%   |
| Legal and regulatory  | 45%        | 44%                          | 4%                                  | 22%  | 9%                          | 5%              | 4%             | 0%   | 0%  | 1%   |

Public (n=139)

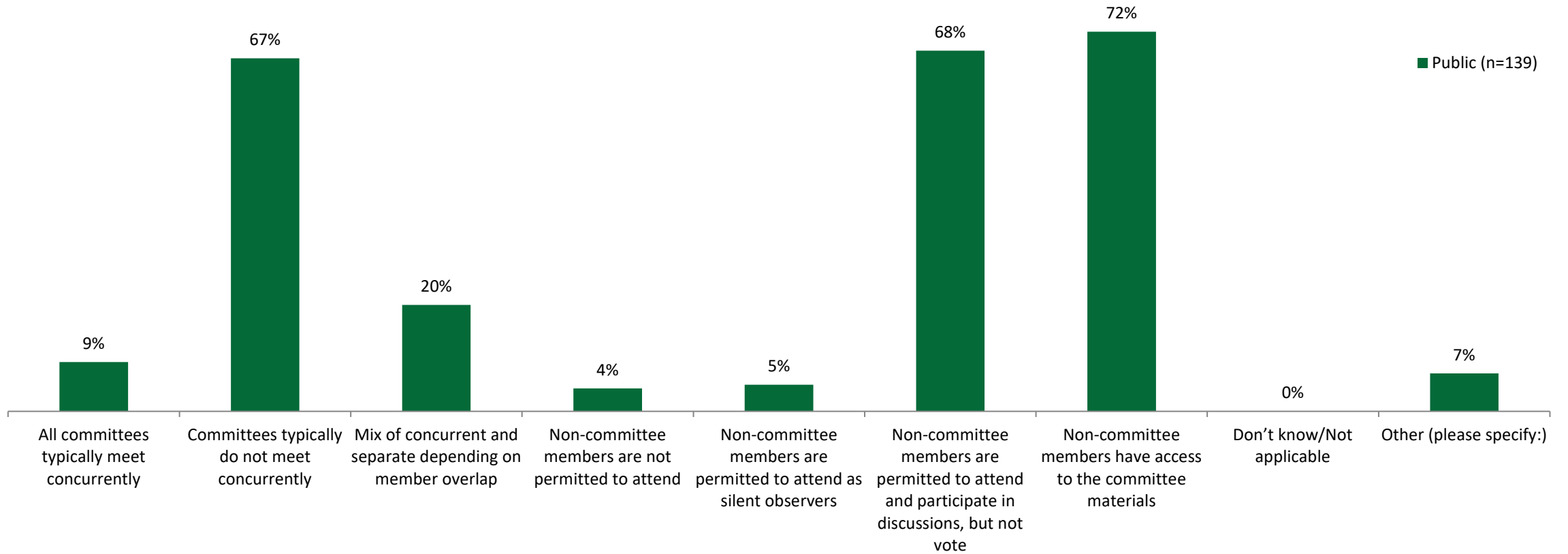


Indicate whether—in the past year—your board has changed the cadence in which its standing committees meet.  
 [Select all that apply]

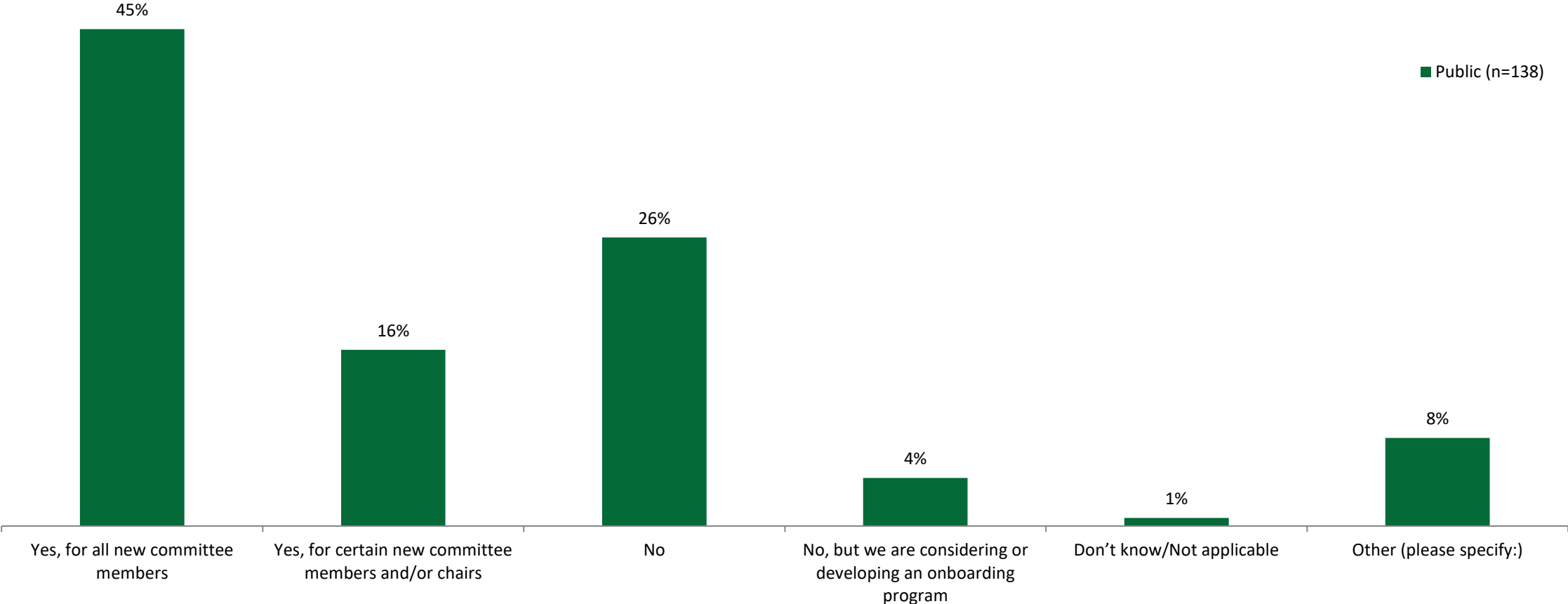
Public (n=135)



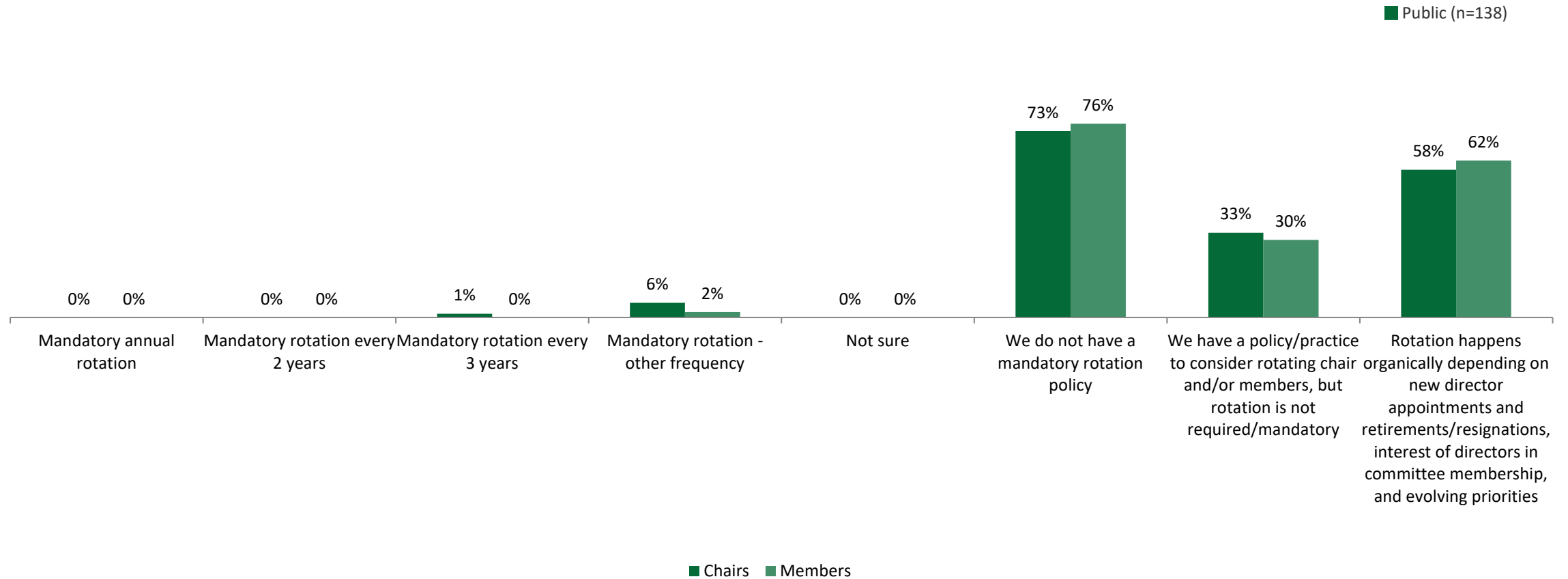
**Describe the format of your board’s standing committee meetings and attendance policy. [Select all that apply]**



### Does your board have an onboarding program for new committee members?



## What is the frequency for which key committee chairs and members are rotated? [Select all that apply]





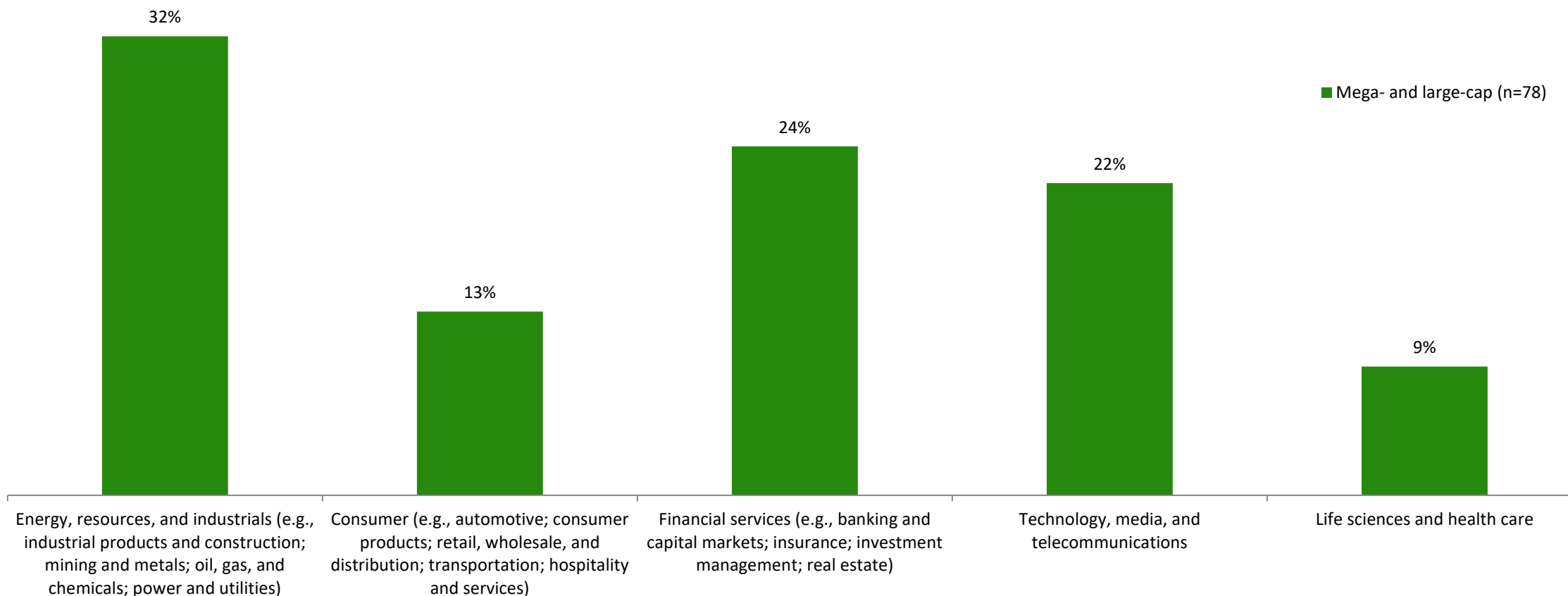
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## Public companies

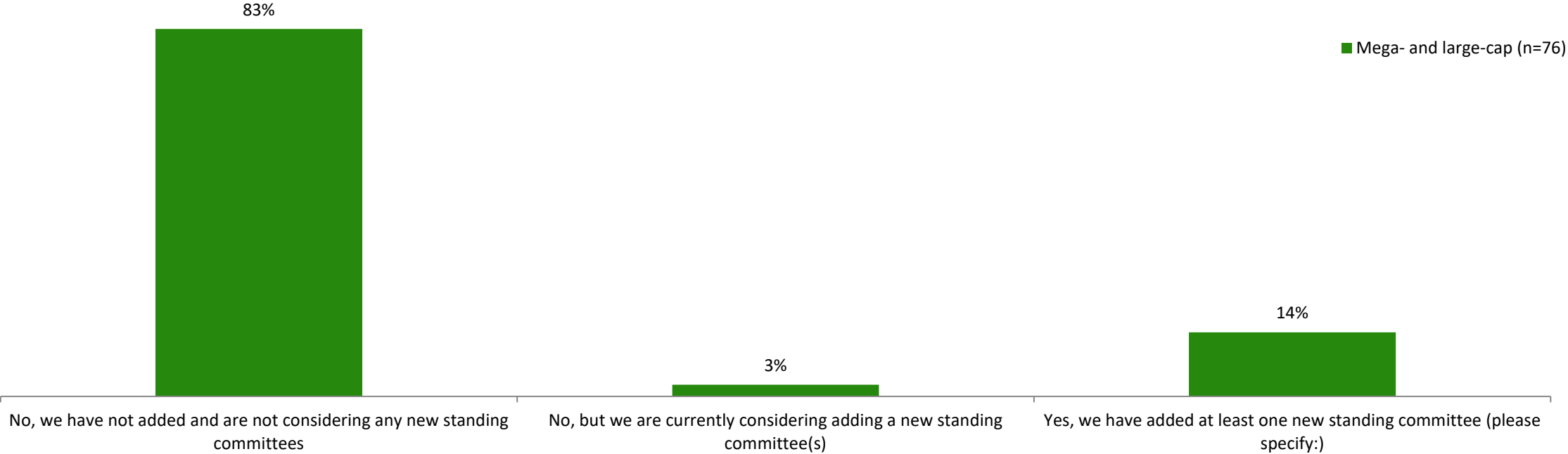
### *Mega- and large-cap (>\$10 billion)*

80 mega- and large-cap public companies responded to the survey. An “n” value is provided to show the actual number of responses for each question.

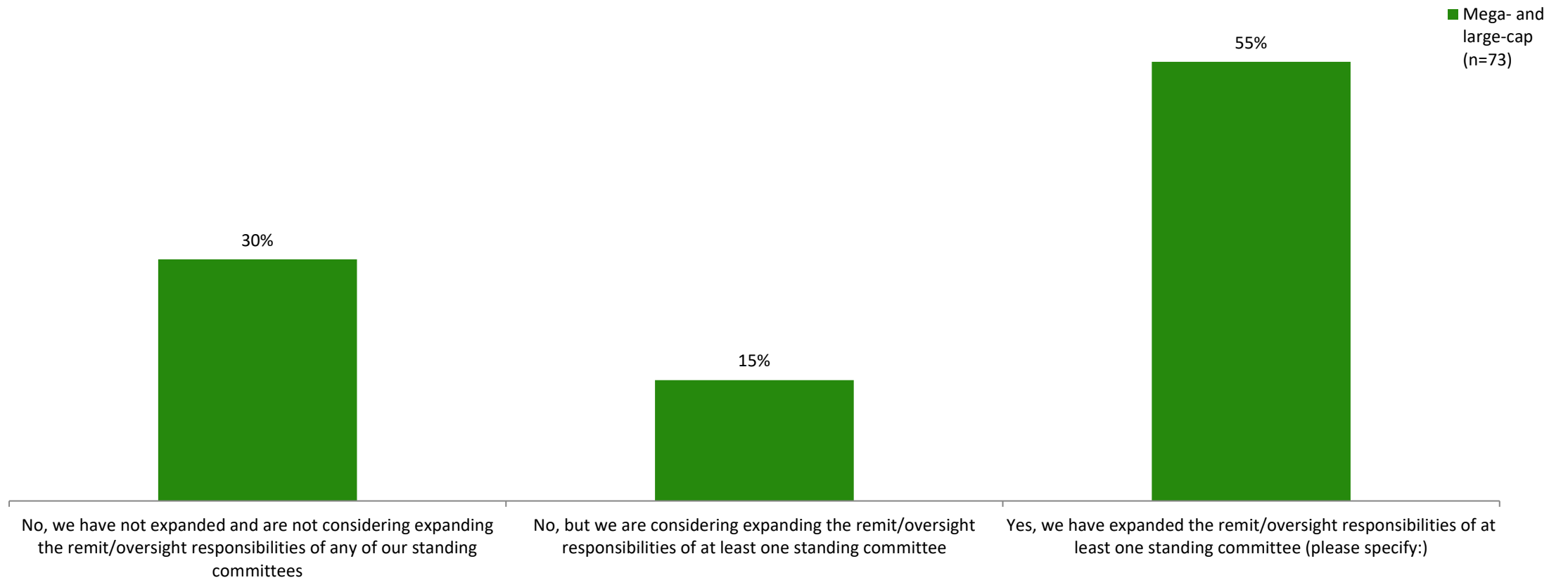
### Indicate your company's industry:



### Has your board added any new standing committees in the past year?

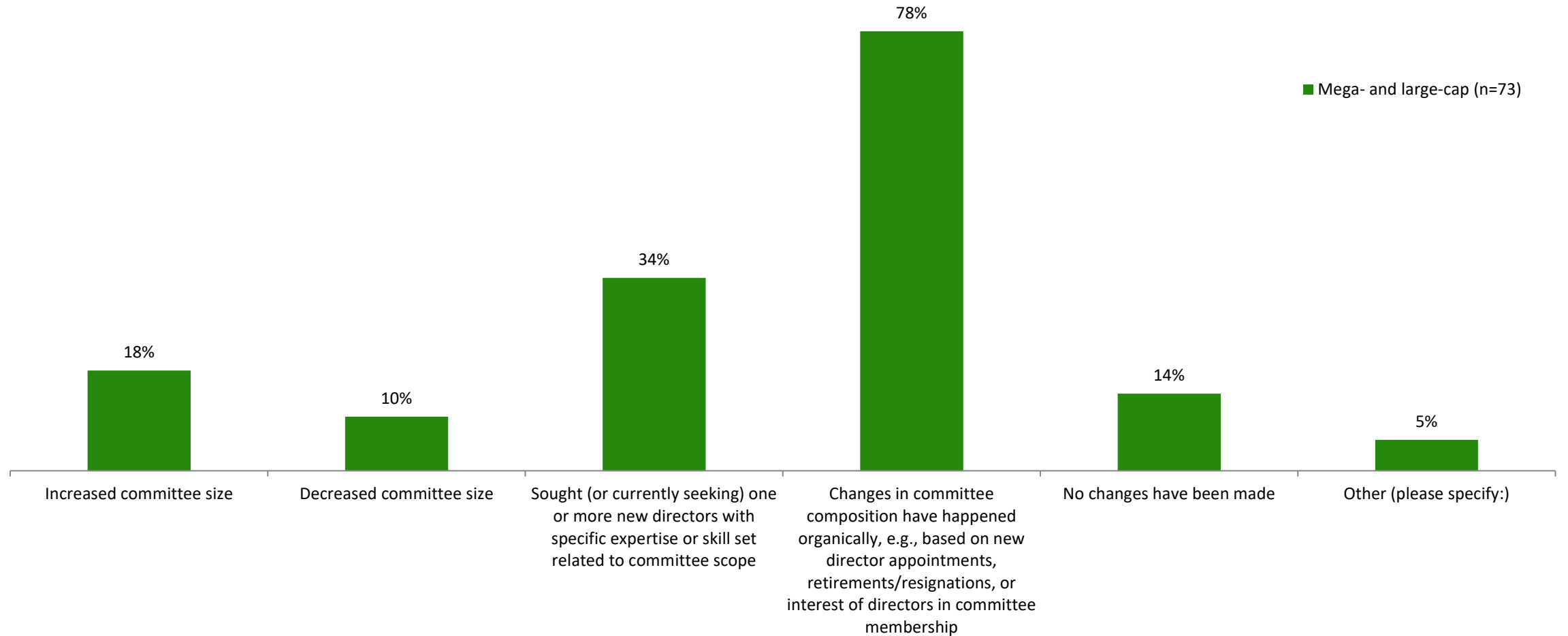


**Has your board formally expanded (i.e., by resolution and/or changes to committee charter) the remit/ oversight responsibilities of any existing standing committees in the past year? (For example, expansion of the compensation committee to include human capital management oversight or expansion of the nominating and governance committee to include sustainability oversight)**





**Describe which of these changes have been made to your board committee composition in the past year.  
[Select all that apply]**



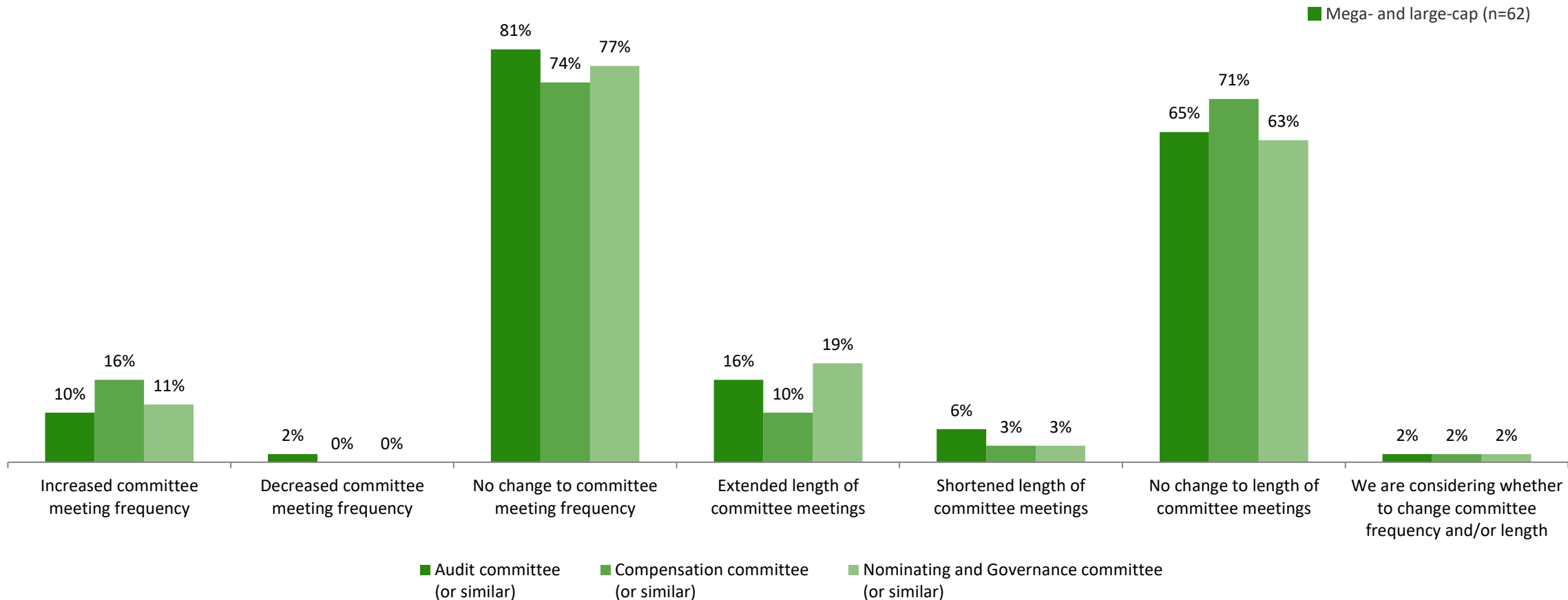
**Indicate where primary oversight of the following areas resides among the board and its committees, and whether any modifications have been made to the delegation of primary oversight in the past year. [Select all that apply]**

*Shading indicates results ≥30%.*

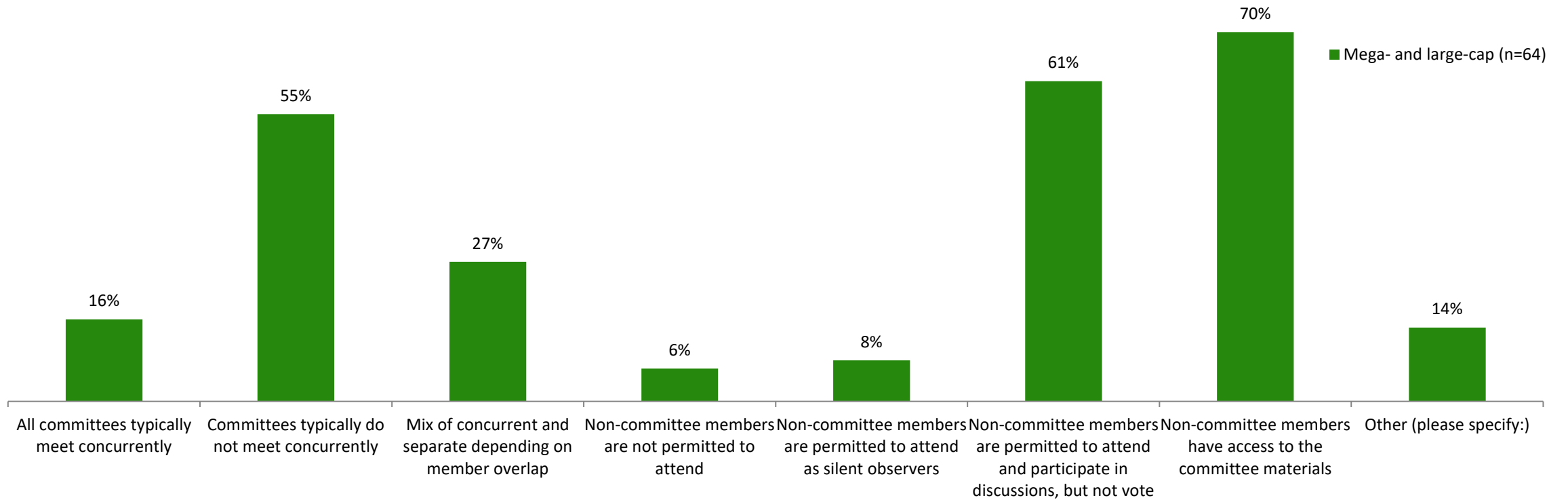
|   | Full board | Audit committee (or similar) | Compensation committee (or similar) | Nominating and Governance committee (or similar) | Risk committee (or similar) | Other committee | Not applicable | Oversight changed; it is now primarily at the full board-level | Oversight changed; it is now primarily at the committee-level | No change to oversight, but we are considering or have considered doing so |
|---|------------|------------------------------|-------------------------------------|--|-----------------------------|-----------------|----------------|--|---|--|
| Enterprise risk management (ERM)  | 44%        | 52%                          | 0%                                  | 5%   | 19%                         | 0%              | 0%             | 0%   | 0%  | 5%   |
| Climate change, water, and other environmental  | 22%        | 3%                           | 0%                                  | 62%  | 11%                         | 16%             | 0%             | 2%   | 5%  | 8%   |
| Political spending  | 10%        | 3%                           | 0%                                  | 59%  | 0%                          | 11%             | 19%            | 2%   | 6%  | 3%   |
| Community impacts/relations   | 21%        | 3%                           | 3%                                  | 49%  | 2%                          | 13%             | 8%             | 2%   | 0%  | 6%   |
| Human capital/Workforce/Talent  | 19%        | 2%                           | 78%                                 | 10%  | 0%                          | 0%              | 0%             | 0%   | 3%  | 5%   |
| Workforce DEI (diversity, equity, and inclusion)  | 22%        | 0%                           | 68%                                 | 25%  | 0%                          | 0%              | 0%             | 0%   | 5%  | 5%   |
| Corporate culture   | 51%        | 0%                           | 30%                                 | 13%  | 0%                          | 3%              | 6%             | 0%   | 2%  | 3%   |
| Shareholder proposals   | 14%        | 0%                           | 8%                                  | 81%  | 2%                          | 3%              | 3%             | 0%   | 0%  | 3%   |
| Shareholder engagement  | 27%        | 0%                           | 16%                                 | 68%  | 0%                          | 5%              | 5%             | 0%   | 0%  | 5%   |
| Cybersecurity   | 30%        | 63%                          | 0%                                  | 3%   | 13%                         | 11%             | 0%             | 0%   | 3%  | 6%   |
| Technology strategy (e.g., IT infrastructure, innovative and disruptive technology, social media) | 41%        | 33%                          | 0%                                  | 5%   | 11%                         | 17%             | 8%             | 0%   | 0%  | 5%   |
| Corporate compliance and ethics   | 8%         | 59%                          | 5%                                  | 30%  | 13%                         | 0%              | 0%             | 0%   | 2%  | 5%   |
| Legal and regulatory  | 43%        | 48%                          | 6%                                  | 21%  | 10%                         | 6%              | 2%             | 0%   | 0%  | 2%   |

■ Mega- and large-cap (n=63)

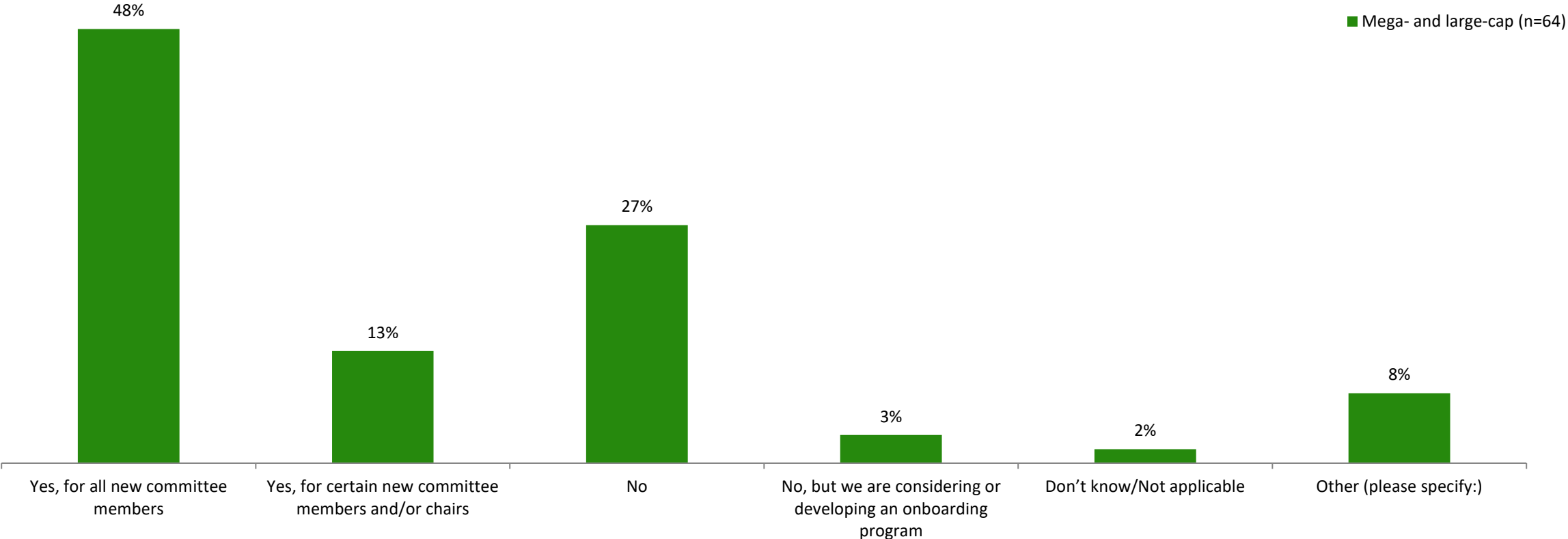
Indicate whether—in the past year—your board has changed the cadence in which its standing committees meet.  
 [Select all that apply]



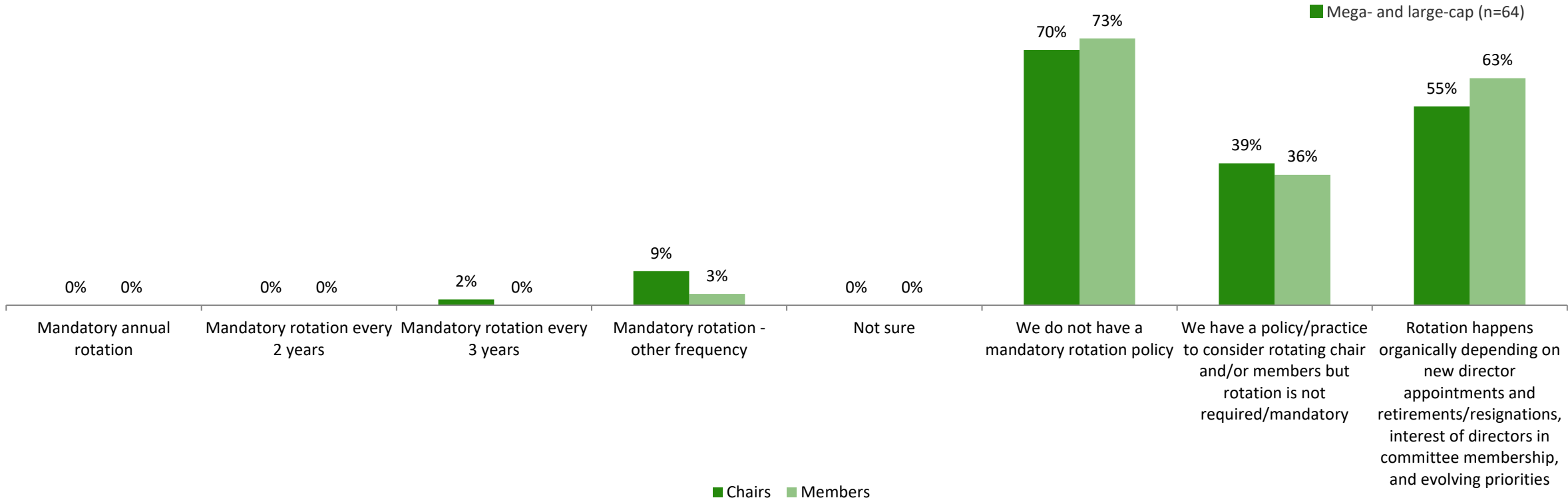
**Describe the format of your board’s standing committee meetings and attendance policy. [Select all that apply]**



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### What is the frequency for which key committee chairs and members are rotated? [Select all that apply]





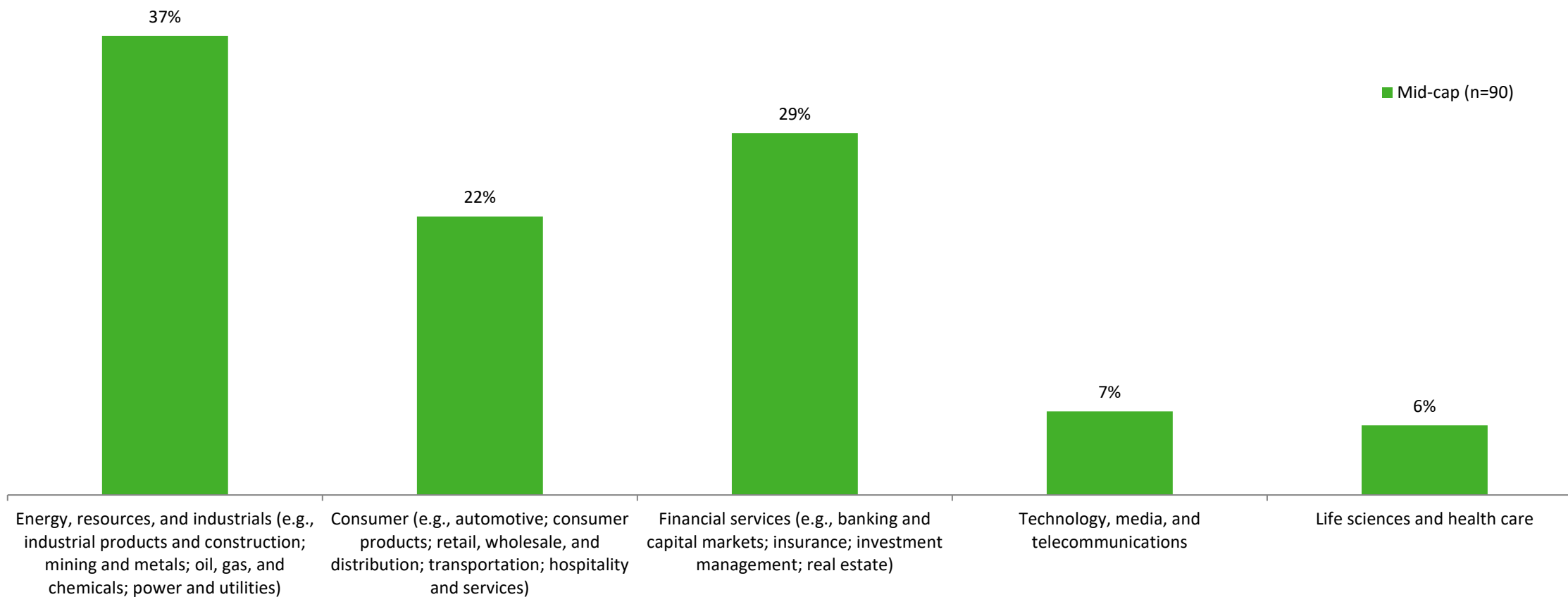
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## Public companies

### *Mid-cap (\$2 billion to \$10 billion)*

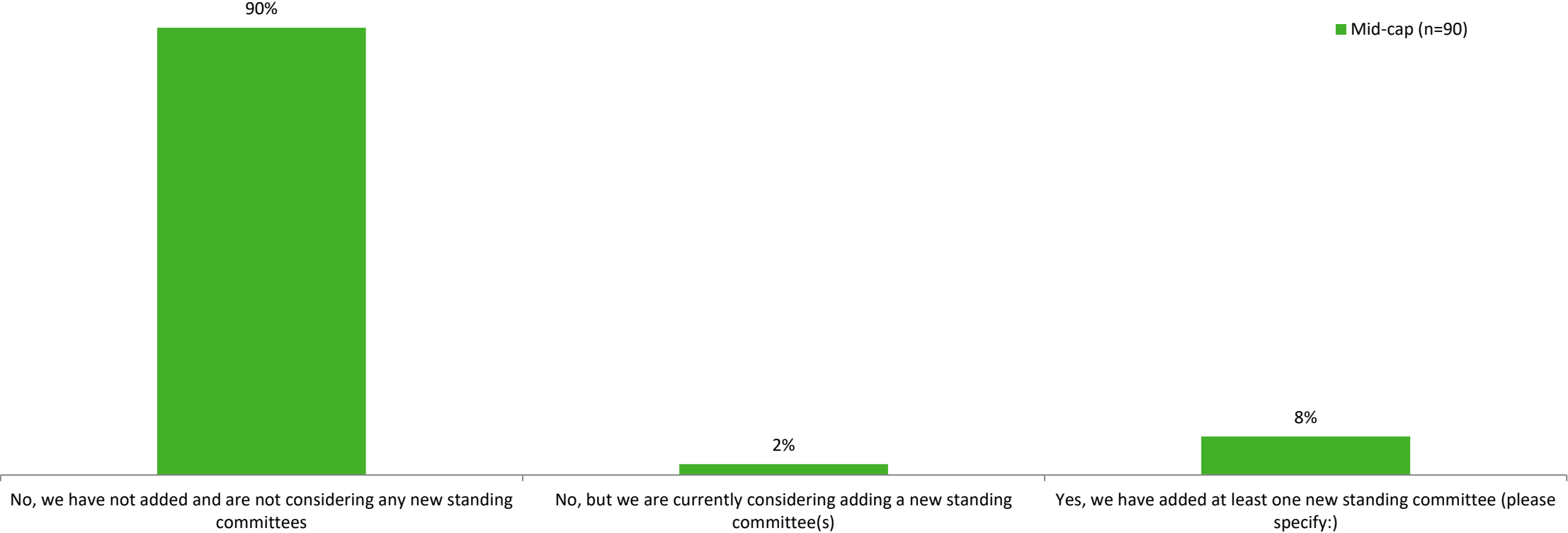
91 mid-cap public companies responded to the survey. An “n” value is provided to show the actual number of responses for each question.

### Indicate your company's industry:

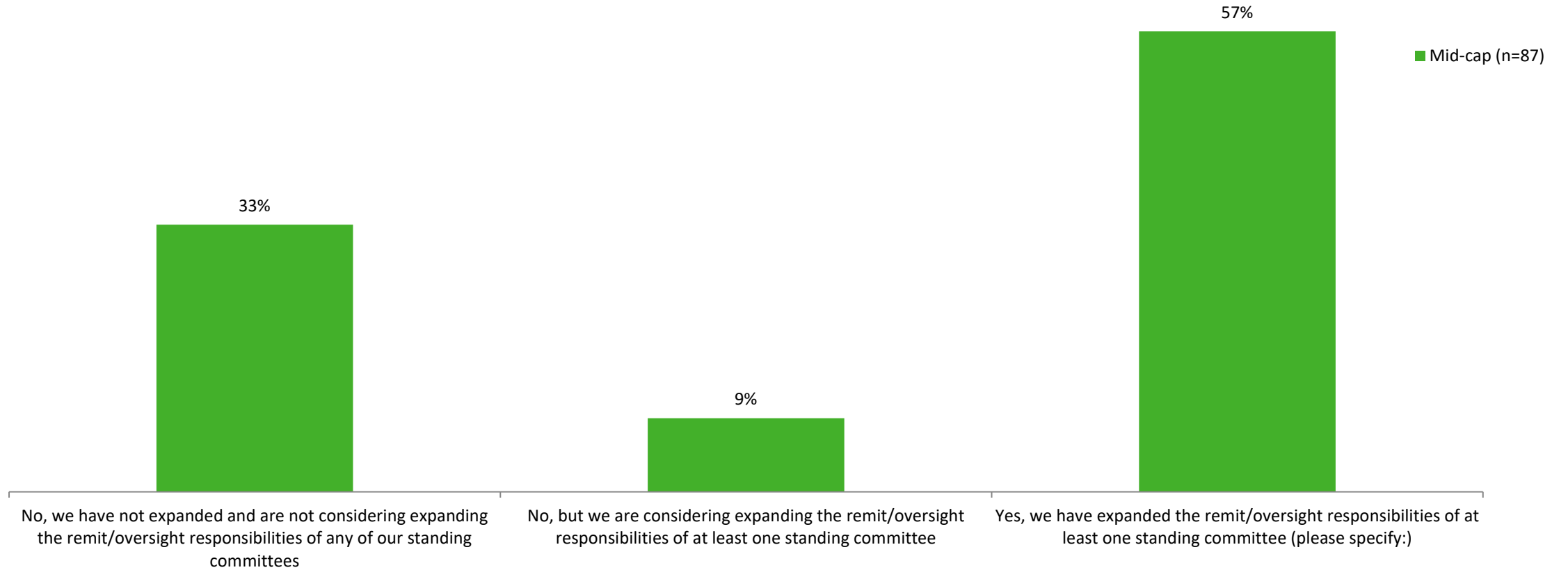




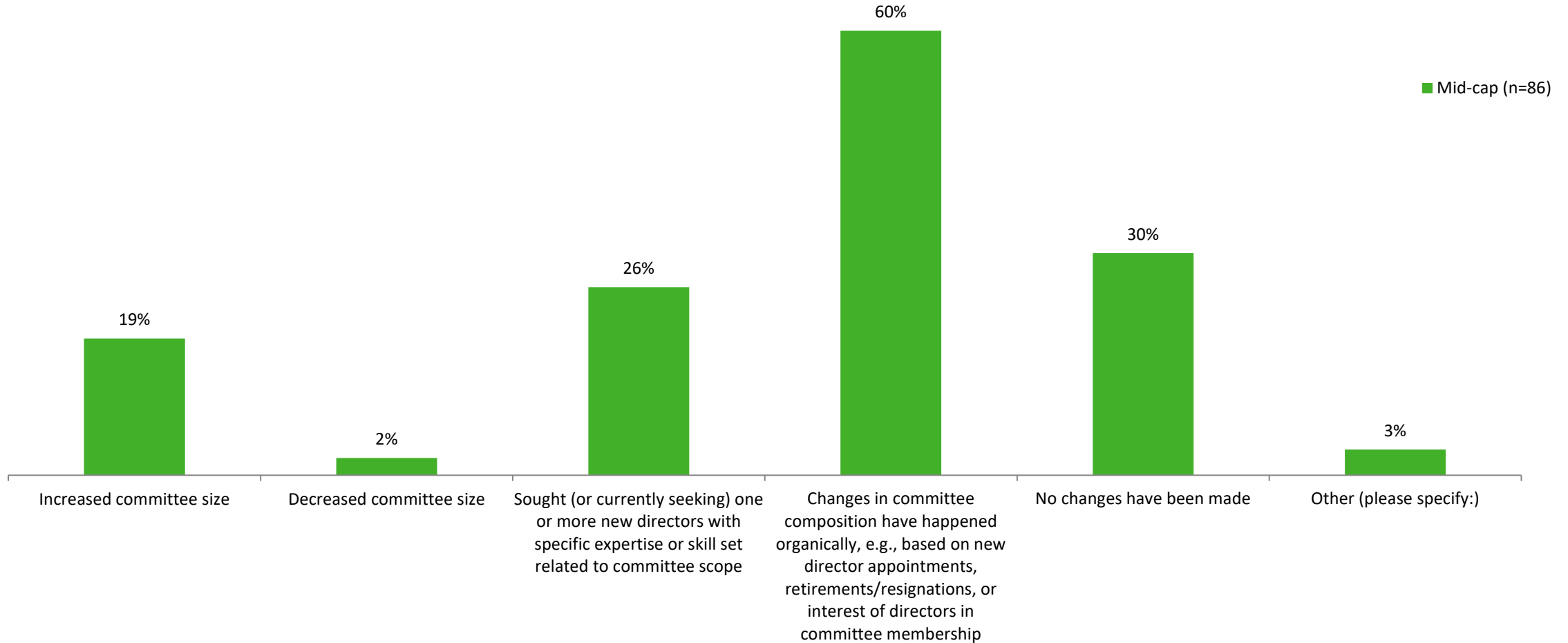
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**Describe which of these changes have been made to your board committee composition in the past year.  
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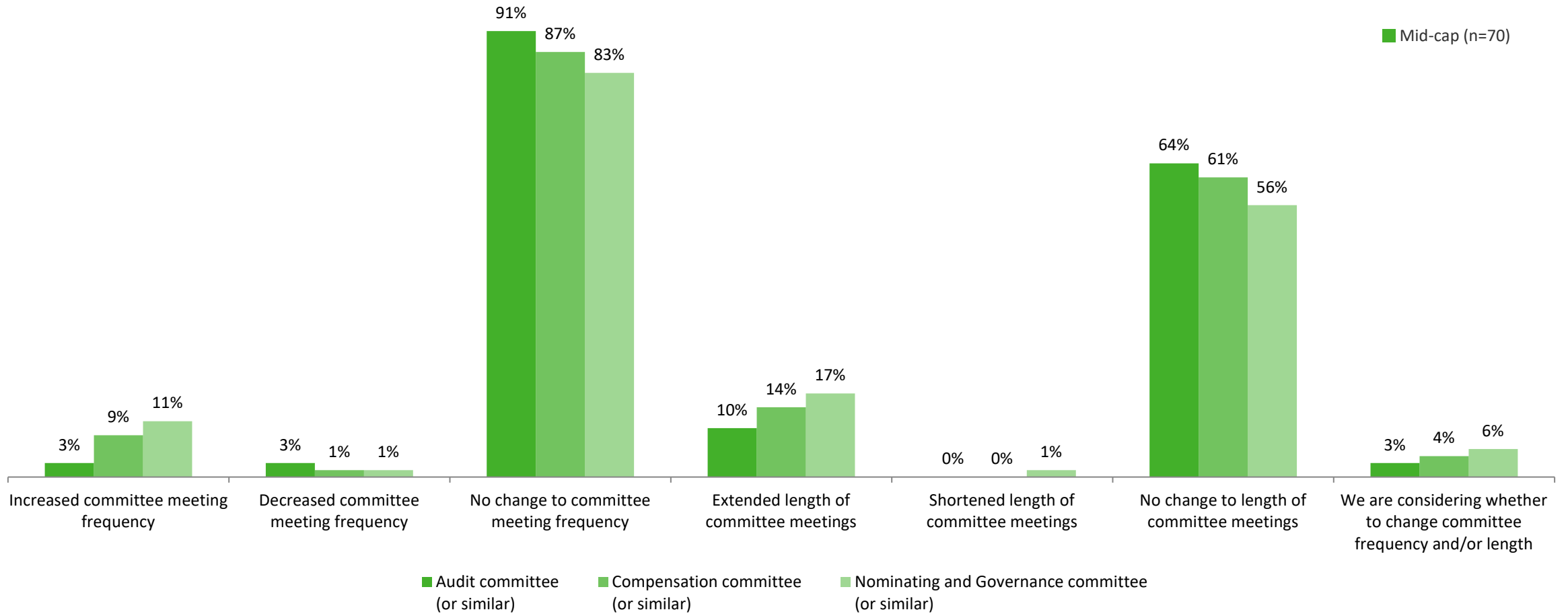
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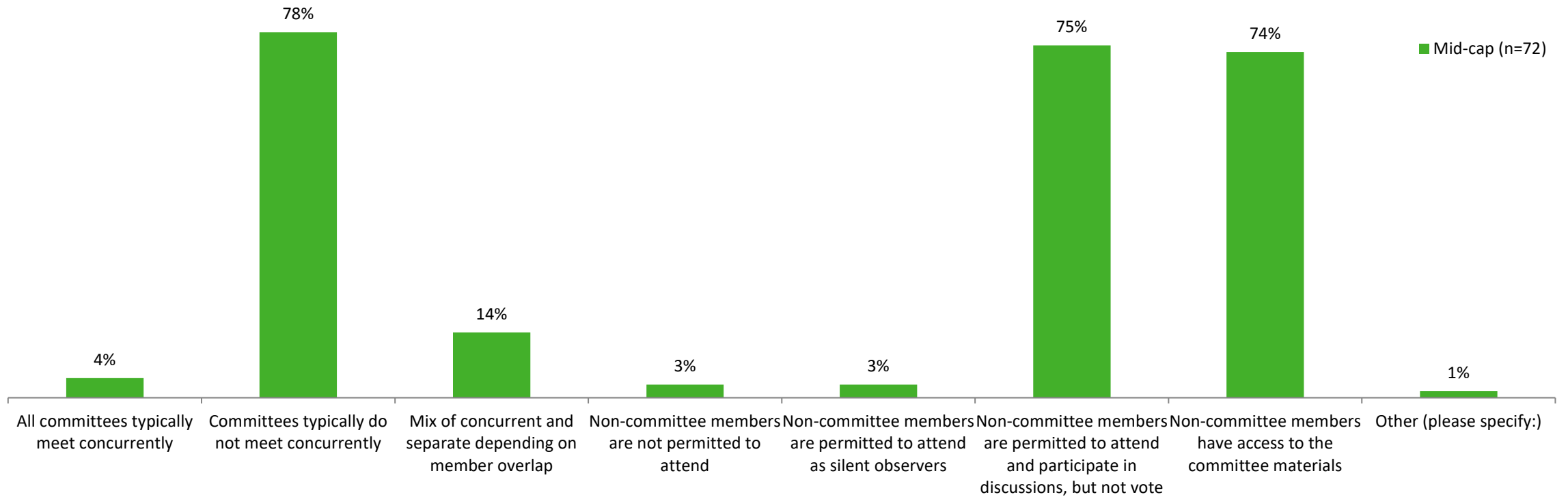
|   | Full board | Audit committee (or similar) | Compensation committee (or similar) | Nominating and Governance committee (or similar) | Risk committee (or similar) | Other committee | Not applicable | Oversight changed; it is now primarily at the full board-level | Oversight changed; it is now primarily at the committee-level | No change to oversight, but we are considering or have considered doing so |
|---|------------|------------------------------|-------------------------------------|--|-----------------------------|-----------------|----------------|--|---|--|
| Enterprise risk management (ERM)  | 41%        | 48%                          | 1%                                  | 3%   | 18%                         | 3%              | 1%             | 0%   | 1%  | 5%   |
| Climate change, water, and other environmental  | 27%        | 5%                           | 3%                                  | 56%  | 7%                          | 12%             | 3%             | 1%   | 5%  | 4%   |
| Political spending  | 16%        | 1%                           | 0%                                  | 40%  | 0%                          | 4%              | 33%            | 0%   | 1%  | 1%   |
| Community impacts/relations   | 21%        | 0%                           | 1%                                  | 41%  | 3%                          | 7%              | 22%            | 0%   | 3%  | 1%   |
| Human capital/Workforce/Talent  | 21%        | 3%                           | 73%                                 | 8%   | 0%                          | 3%              | 3%             | 0%   | 7%  | 4%   |
| Workforce DEI (diversity, equity, and inclusion)  | 23%        | 1%                           | 67%                                 | 23%  | 0%                          | 3%              | 1%             | 0%   | 8%  | 4%   |
| Corporate culture   | 42%        | 3%                           | 27%                                 | 15%  | 0%                          | 3%              | 14%            | 1%   | 3%  | 4%   |
| Shareholder proposals   | 32%        | 1%                           | 0%                                  | 63%  | 0%                          | 0%              | 8%             | 0%   | 1%  | 4%   |
| Shareholder engagement  | 29%        | 1%                           | 7%                                  | 55%  | 0%                          | 4%              | 5%             | 0%   | 0%  | 4%   |
| Cybersecurity   | 30%        | 60%                          | 1%                                  | 1%   | 18%                         | 3%              | 0%             | 1%   | 3%  | 3%   |
| Technology strategy (e.g., IT infrastructure, innovative and disruptive technology, social media) | 45%        | 26%                          | 0%                                  | 0%   | 8%                          | 10%             | 10%            | 1%   | 1%  | 1%   |
| Corporate compliance and ethics   | 21%        | 56%                          | 5%                                  | 33%  | 1%                          | 3%              | 0%             | 1%   | 0%  | 1%   |
| Legal and regulatory  | 47%        | 41%                          | 1%                                  | 23%  | 8%                          | 4%              | 4%             | 0%   | 0%  | 1%   |

■ Mid-cap (n=73)

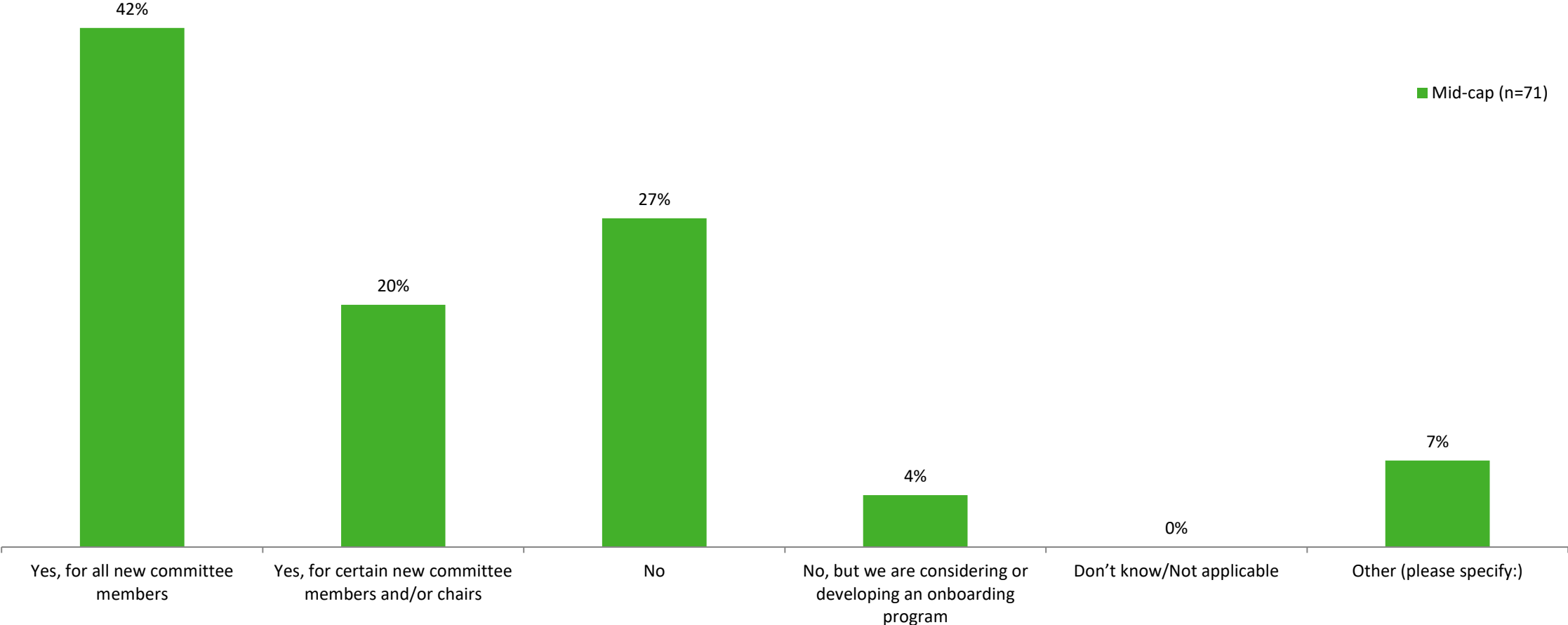
Indicate whether—in the past year—your board has changed the cadence in which its standing committees meet.  
 [Select all that apply]



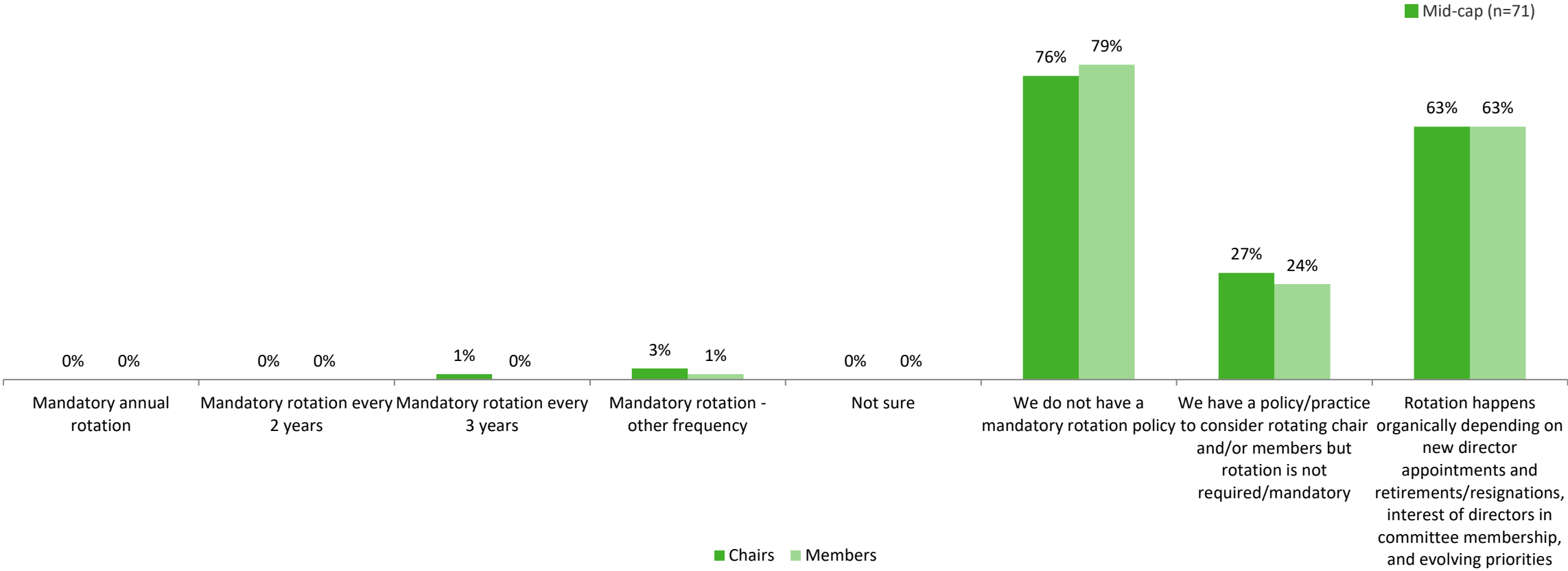
**Describe the format of your board’s standing committee meetings and attendance policy. [Select all that apply]**



### Does your board have an onboarding program for new committee members?



### What is the frequency for which key committee chairs and members are rotated? [Select all that apply]





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The Center for Board Effectiveness helps directors deliver value to the organizations they serve through a portfolio of high-quality, innovative experiences throughout their tenure as board members. Whether an individual is aspiring to board participation or a veteran of many board experiences, the Center's programs enable them to contribute effectively and provide focus in the areas of governance and audit, strategy, risk, innovation, compensation, and succession.

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