

# FENWICK



# Corporate Governance Practices and Trends

in Silicon Valley and at Large Companies Nationwide

2023 Proxy Season

# About the Authors

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David A. Bell co-chairs Fenwick’s corporate governance practice. His practice also includes counseling public companies in corporate, securities and compliance matters, as well as initial public offerings, mergers and acquisitions, venture capital financings, intellectual property licensing and advising startup companies. He represents a wide range of technology companies, from privately held startups to publicly traded corporations. David is a Fellow of the American College of Governance Counsel.



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# Overview

Corporate governance practices vary significantly among public companies. This reflects many factors, including:

- Differences in their stage of development, including the relative importance placed on various business objectives (for example, a focus on growth and scaling operations may be given more importance);
- Differences in the investor base for different types of companies;
- Differences in expectations of board members and advisors to companies and their boards, which can vary by a company's size, age, stage of development, geography, industry and other factors; and
- The reality that corporate governance practices that are appropriate for large, established public companies can be meaningfully different from those for newer, smaller companies.

Since the passage of the Sarbanes-Oxley Act of 2002, which signaled the initial wave of this century's corporate governance reforms among public companies, each year Fenwick has surveyed the corporate governance practices of the companies included in the Standard & Poor's 100 Index (S&P 100) and the technology and life sciences companies included in the [Fenwick – Bloomberg Law Silicon Valley 150 List \(SV 150\)](#).

In this report, we present statistical information for a subset of the data we have collected over the years, updated for the 2023 proxy season. These include size and number of meetings for boards and their primary committees, the number of insider directors, board leadership makeup, majority voting, board classification and use of a dual-class voting structure.

We have also included data covering the number of women on boards of directors, stock ownership guidelines for executive officers and directors, and additional information about committees beyond the primary committees. In each case, we present comparative data for the S&P 100 companies and for the technology and life sciences companies included in the SV 150, as well as trend information.

Governance practices and trends (or perceived trends) among the largest companies are generally presented as normative for all public companies. Fenwick collects

information regarding public company governance practices to enable boards and companies in Silicon Valley to understand the actual corporate governance practices among their peers and neighbors and understand how those practices contrast with practices among large companies nationally.

## Executive Summary

Most of the governance practices and trends from previous years continued in the 2023 proxy season. Notable developments include an increase in board gender diversity in both the SV 150 and S&P 100. We also saw changes in other key areas, including dual-class voting structure, board classification and majority voting.

Observations for 2023 include:

- **The percentage of women board members for the SV 150 and S&P 100 continued its increase in 2023 with both groups showing similar levels of representation.** The percentage of women serving on boards of SV 150 companies increased slightly to 33% in 2023 from 32.6% in 2022. Similarly, the percentage of women serving on boards of S&P 100 companies was 33.6%, increasing from 32.2% in 2022.
- **Adoption of dual-class voting stock structures has emerged as a recent important long-term trend among Silicon Valley technology companies though it is still a minority of companies.** Throughout the past decade, the SV 150 saw a sharp increase in the frequency of dual-class voting structures (from 2.9% in 2011 to 29.3% in 2023), a trend which we expect to continue. This rate continues to greatly surpass the rate of the S&P 100 (which has declined to 8% in 2023 after fluctuating between 7% and 12% since 2011).
- **Classified boards remain significantly more common among technology and life sciences companies in the SV 150 than among S&P 100 companies.** Their use has steadily increased in the SV 150 (from 45.9% in 2015 to 56% in the 2023 proxy season). Companies in the middle 50 and bottom 50 of the SV 150 were more likely to have classified boards than the larger SV 150 companies.
- **More companies are implementing some form of majority voting among both the S&P 100 and SV 150.** The increase has been particularly dramatic among S&P 100 companies, rising from 10% to 97% between the 2004 and 2023 proxy

# Overview

## Continued

seasons. Among the technology and life sciences companies in the SV 150, the rate has risen from zero in the 2004 proxy season to 53.3% in the 2023 proxy season (though that was a slight downtick from 2022).

- **SV 150 companies are more likely to separate the board chair and CEO roles than S&P 100 companies, with 46.7% and 61% having combined the roles, respectively.** Between 2004 and 2023, the percentage of board chairs who are insiders has declined for both groups, though both groups have also seen small increases over the last couple of years.

### About the Data: Group Makeup of the Fenwick – Bloomberg Law Silicon Valley 150 List

In the 2023 proxy season, there were 326 public technology and life sciences companies in “Silicon Valley,”<sup>1</sup> of which the Fenwick – Bloomberg Law SV 150 List captures those that are the largest by one measure—revenue.<sup>2</sup> The 2023 constituent companies of the SV 150 range from Apple and Alphabet, with revenue of approximately \$388B and \$283B, respectively, to C3.ai and Amyris, with revenue of approximately \$267M and \$270M, respectively, in each case for the four quarters ended on or about December 31, 2022. Apple went public in 1980 and Alphabet (as Google) in 2004. Apple’s and Alphabet’s peers clearly include companies in the S&P 100, of which they are also constituent members (13 companies were constituents of both indices for the survey in the 2023 proxy season), where market capitalization

<sup>1</sup> The number fluctuates constantly as some companies complete initial public offerings and others are acquired. As of September, Bloomberg included 414 public companies headquartered in Silicon Valley. Though starting out as only the northern portion of Santa Clara County and southern San Mateo County, Silicon Valley was eventually defined by *The Mercury News* [fka the *San Jose Mercury News*] as Alameda, Contra Costa, San Francisco, San Mateo and Santa Clara counties, when it published the SV 150 List. Recognizing its continued geographic expansion, beginning in the 2021 proxy season, the SV 150 was expanded to include Marin County. Of the 414 public companies in Silicon Valley, we consider 326 of them technology or life sciences companies based on their “Bloomberg Industry” descriptions as well as their initial sources of funding. The number of Silicon Valley public technology and life sciences companies is down from a high of 417 reached in 2000 during the dot-com era. It remains a tech hub, although other cities have attracted the industry. See “[The AI Boom Has Silicon Valley on Another Manic Quest to Change the World](#)” (*Bloomberg Businessweek*, June 15, 2023) and “[Silicon Valley Ranked as Top US Metro Area Before SVB Collapsed](#)” (*Bloomberg*, March 29, 2023).

<sup>2</sup> Based on review of the “Bloomberg Industry” descriptions, there are 88 public companies that are outside of the technology or life sciences industries but are in the Silicon Valley region, defined as Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara and Marin counties (see footnote 1). See also the “Methodology—Group Makeup” section below for a more detailed discussion of the makeup of the SV 150 and the geography of Silicon Valley for its purposes, including footnote 51.

averages approximately \$696B.<sup>3</sup> C3.ai’s and Amyris’s peers are smaller technology and life sciences companies that went public relatively recently and have market capitalizations well under \$1B. In terms of number of employees, SV 150 companies average approximately 12,417 employees, ranging from Alphabet, with 190,000 employees spread around the world in dozens of countries, to companies such as Innoviva Inc., with 101 employees in the U.S., as of the end of their respective fiscal years 2022 (Innoviva is ranked 140 in the SV 150).

### About the Data: Group Makeup of the Standard & Poor’s 100 Index

The companies included in the S&P 100 are a cross section of the very largest public companies in the United States. Just as the SV 150 companies are not necessarily representative of Silicon Valley generally, so the S&P 100 companies are not necessarily representative of companies in the U.S. generally.<sup>4</sup> Far larger than a typical public company in the U.S. and far larger than U.S. corporations generally, the S&P 100 companies average approximately 163,000 employees and include Walmart with 2.1 million employees in more than two dozen countries at its most recent fiscal year end.

The 2023 constituent companies of the S&P 100 range from the aforementioned Walmart with revenue of approximately \$600B, market capitalization of approximately \$383B and approximately 2.1 million employees, to Simon Property Group with revenue of approximately \$5.2B, market capitalization of approximately \$38.6B and 3,300 employees. The average market capitalization of the S&P 100 was approximately \$232.9B, ranging from Vornado Realty Trust at approximately \$4.1B to Apple at approximately \$2.1T, with a median of \$145B. The median revenue of the S&P 100 for the four quarters ended on or about December 31, 2022, was approximately \$53.6B.

<sup>3</sup> The average market capitalization of the SV 150 at the time of announcement of the current index list (see footnote 51) was approximately \$45.8B, ranging from Quantum Corp at approximately \$113M to Apple at approximately \$2.1T, with a median of \$4.5B. The median revenue of the SV 150 for the four quarters ended on or about December 31, 2022, was approximately \$1.3B. It is also worth noting that for the 2023 proxy season year, 34 of the SV 150 companies were also constituents of the most recent S&P 500.

<sup>4</sup> Standard & Poor’s defines the S&P 100 Index as “a sub-set of the S&P 500,” which measures the performance of large cap companies in the U.S. The Index comprises 100 major, blue chip companies across multiple industry groups. Individual stock options are listed for each index constituent. To be included, the companies should be among the larger and more stable companies in the S&P 500, and must have listed options. Sector balance is considered in the selection of companies for the S&P 100. This index is widely used for derivatives, and is the index underlying the OEX options. Standard & Poor’s full methodology is [available on its website](#).

# Overview

Continued

The industries included in the S&P 100 range from financial services to apparel, food products, air transport and more.

## Comparing the SV 150 with the S&P 100

It is important to understand the differences between the technology and life sciences companies included in the SV 150 and the large public companies included in the S&P 100. Compared to the S&P 100 (or the broader S&P 500), SV 150 companies are on average much smaller and younger, have much lower revenue and are concentrated in the technology and life sciences industries. About 25% of SV 150 companies have 10,000 employees or more, compared to 96% of S&P 100 companies (with 99% of the S&P 100 having 5,000 or more employees, compared to 36% of the SV 150). As the graphs on pages 5–8 illustrate, SV 150 companies also tend to have significantly greater ownership by the board and management than S&P 100 companies (whether measured by equity ownership or voting power).

For purposes of the most direct comparison of the data presented in this report, the top 15<sup>5</sup> of the SV 150 are peers with the companies in the S&P 100. Eleven of those top 15 companies were constituents of both indices for the 2023 proxy season.<sup>6</sup>

<sup>5</sup> The top 15 of the SV 150 includes companies, 11 of which are included in the S&P 100 (see footnote 6), with revenue of approximately \$26.3B or more and market capitalizations averaging \$336.4B, ranging from TD SYNEX at approximately \$9.1B to Apple at approximately \$2.1T at the time of announcement of the current index list (see footnote 51).

<sup>6</sup> The 13 companies that were members of both the SV 150 and the S&P 100 in the 2022 proxy season (with their SV 150 ranks) are: Apple (1), Alphabet (2), Meta (3), Intel (4), Cisco Systems (7), Broadcom (8), Netflix (10), Salesforce (11), PayPal Holdings (12), Gilead Sciences (13), NVIDIA Corporation (14), Advanced Micro Devices (16) and Adobe (18).

## Fenwick – Bloomberg Law SV 150 Subgroups—Contact Us for More Information

While not specifically studied in this report, it is worth noting that the broad range of companies in the SV 150 (whether measured in terms of size, age or revenue) is associated with a corresponding range of governance practices. Comparison of governance practice statistics and trends for the top 15, top 50,<sup>7</sup> middle 50<sup>8</sup> and bottom 50<sup>9</sup> companies of the SV 150 (in terms of revenue) bears this out.<sup>10</sup> A few examples of such comparisons are included in this report. Additional comparison information of the top 15, top 50, middle 50 and bottom 50 companies of the SV 150 (as well as other data not presented in this report)<sup>11</sup> may be obtained by consulting your Fenwick securities partner.

<sup>7</sup> The top 50 of the SV 150 includes companies with revenue of approximately \$2.8B or more and market capitalizations averaging \$127.9B, ranging from Sanmina Corp. at approximately \$3.3B to Apple at approximately \$2.1T at the time of announcement of the current index list (footnote 51).

<sup>8</sup> The middle 50 of the SV 150 includes companies with revenue of at least approximately \$857M but less than approximately \$2.8B and market capitalizations averaging \$7.2B, ranging from Stitch Fix at approximately \$345M to Snowflake at approximately \$46.2B at the time of announcement of the current index list (footnote 51).

<sup>9</sup> The bottom 50 includes companies with revenue of at least approximately \$267M but less than \$653M and market capitalizations averaging \$2.3B, ranging from Quantum Corp. at approximately \$113M to Shockwave Medical at approximately \$7.4B at the time of announcement of the current index list (footnote 51).

<sup>10</sup> Contrasting the top 15 or top 20 SV 150 companies (in the latter case, companies with revenue of approximately \$15.8B or more and market capitalizations averaging \$284.3B at the time of announcement of the current index list) against the remaining SV 150 companies is similarly enlightening (footnote 51). In 2023, the SV 150 included 21 life sciences companies (broadly defined) and 129 technology companies. There are also some differences between technology and life sciences companies as groups within the SV 150.

<sup>11</sup> Such as comparisons of the top 15 or top 20 SV 150 companies against the remaining SV 150 companies, comparisons of technology and life sciences companies as separate groups within the SV 150 or other details related to the topics covered in this report.

# Overview

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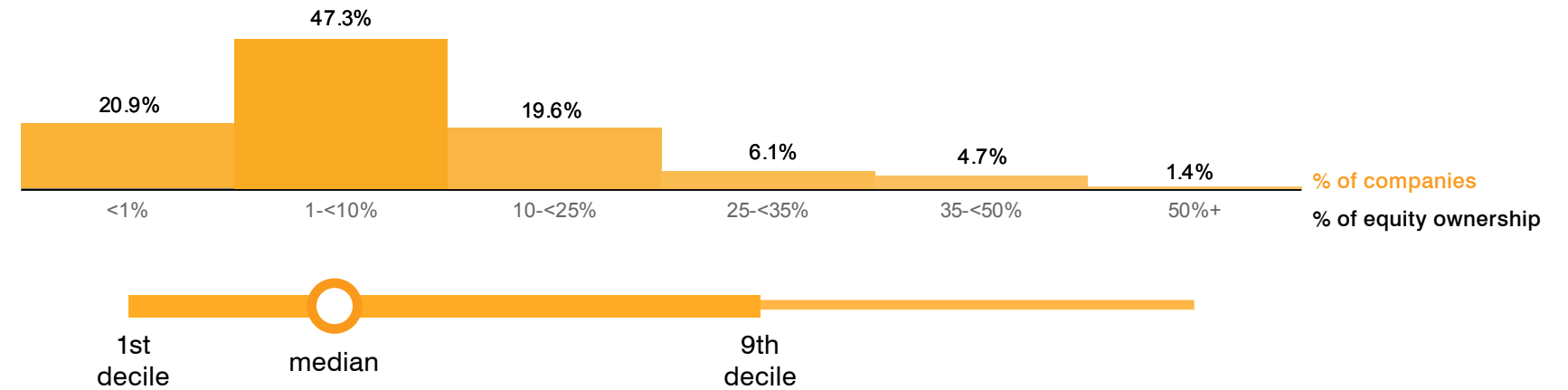
## Equity Ownership by Executives and Directors

The distribution of simple equity ownership skews higher among the technology and life sciences companies in the SV 150 (average 9.9%) than among S&P 100 companies (average 2.8%), and that difference has held fairly steady over time.

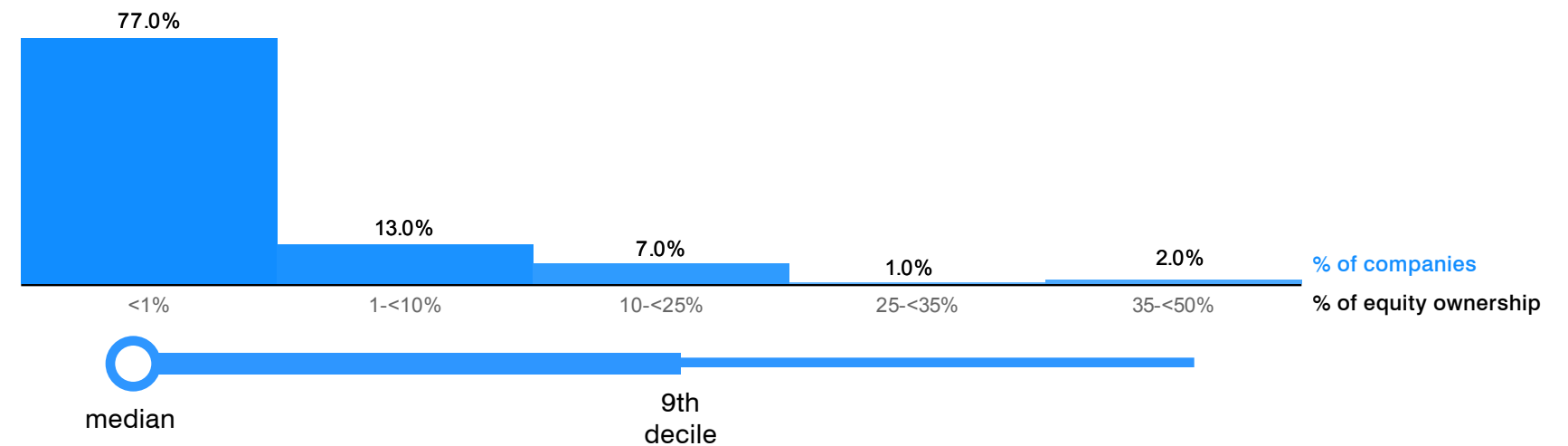
The graphs on this page show the distribution of the percentage of simple equity ownership of the directors and executive officers of the companies in the SV 150 and the S&P 100 for the 2023 proxy season.

### EXECUTIVE AND DIRECTOR EQUITY OWNERSHIP—DISTRIBUTIONS

SV 150  
2023



S&P 100  
2023



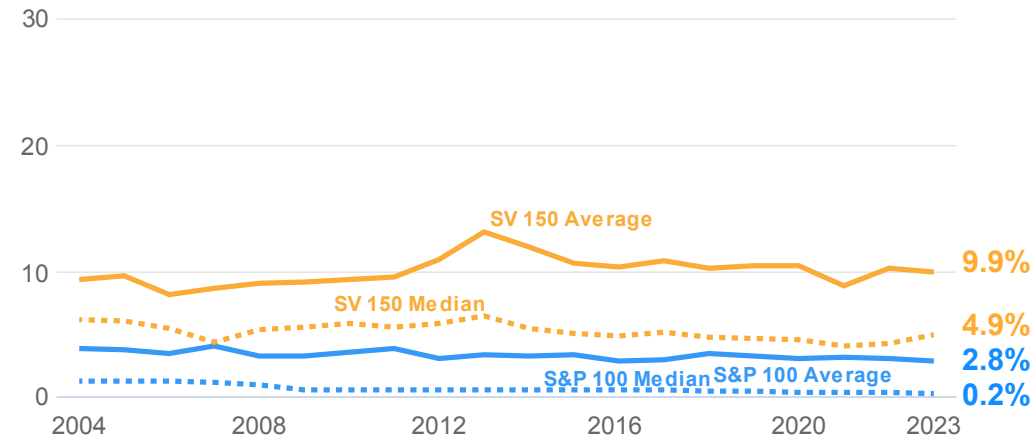
# Overview

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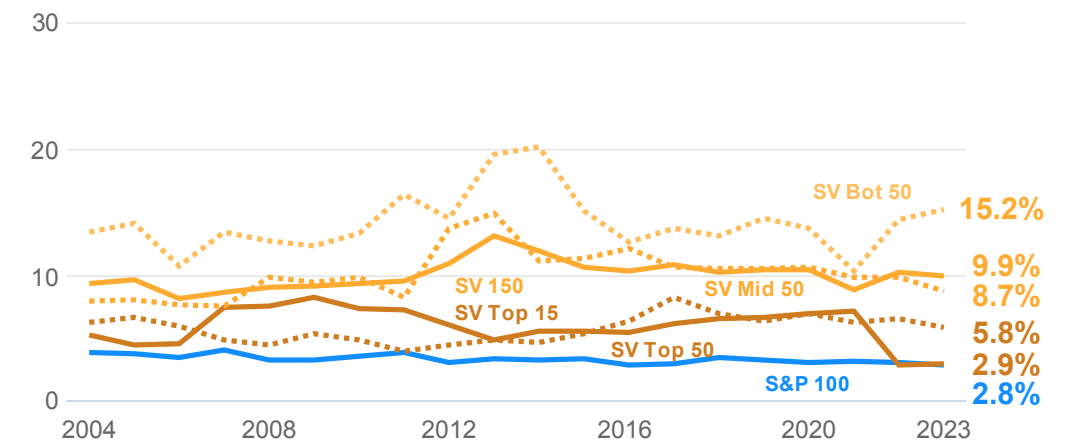
The graphs on this page show the average and median percentages of simple equity ownership of the directors and executive officers of the companies in the SV 150 and the S&P 100 as a group from the 2004 through 2023 proxy seasons, as well as the percentages of average equity ownership for the SV 150 broken down by the top 15, top 50, middle 50 and bottom 50 companies, and the distribution of the percentage of simple equity ownership in the SV 150 and the S&P 100.

## EXECUTIVE AND DIRECTOR EQUITY OWNERSHIP—TRENDS OVER TIME

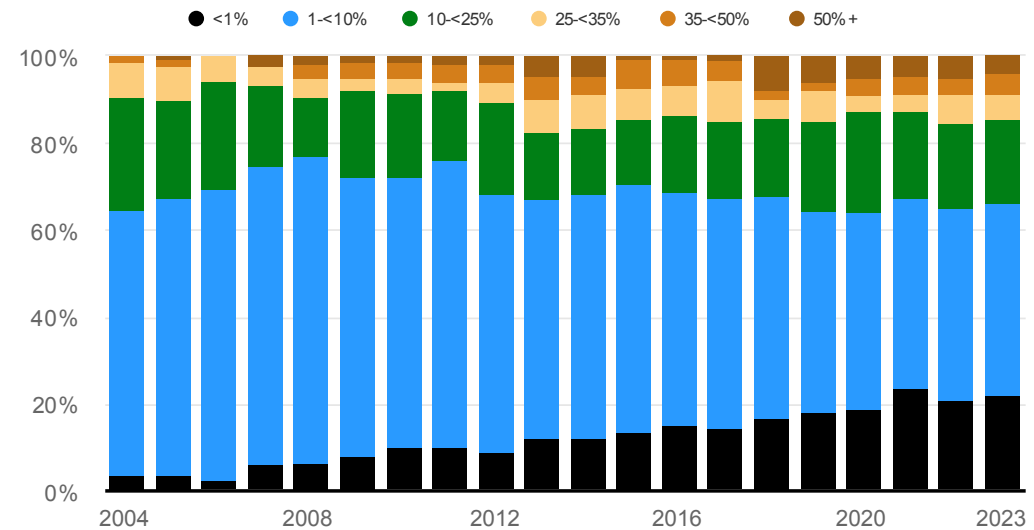
### Average & Median Comparison



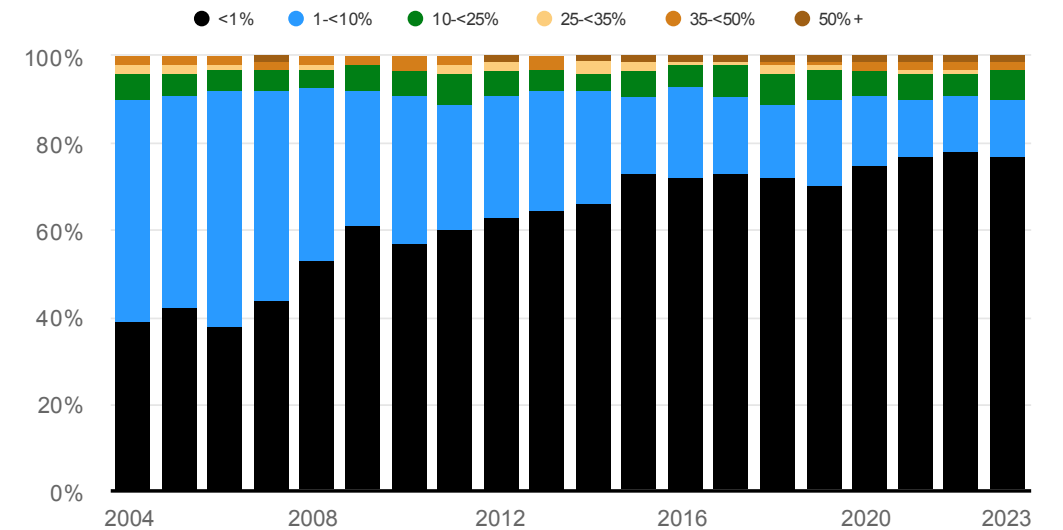
### SV 150 Breakdown – Average Equity Ownership



### SV 150



### S&P 100



# Overview

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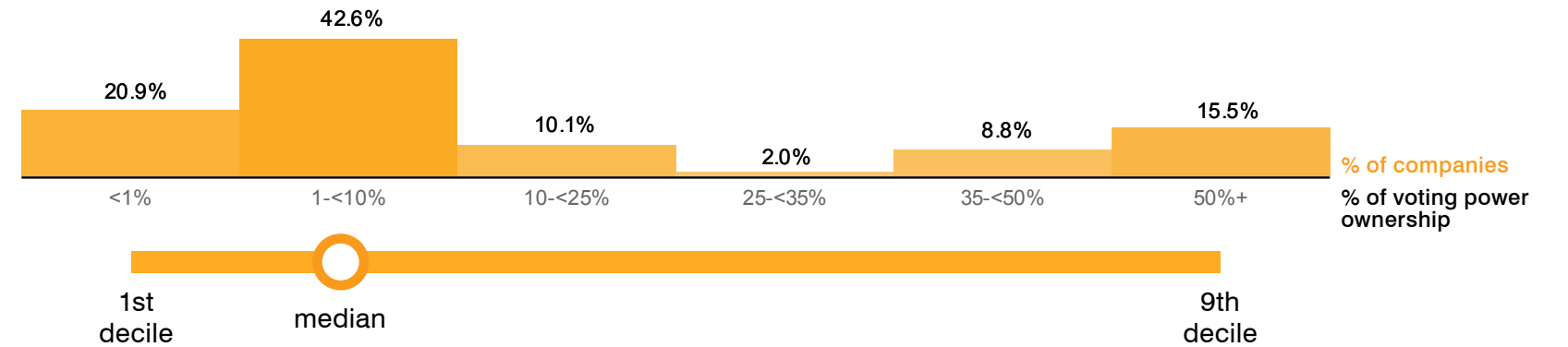
## Voting Power Ownership by Executives and Directors

The distribution of voting power ownership skews higher among the technology and life sciences companies in the SV 150 (average 20.5%) than among S&P 100 companies (average 4.6%).

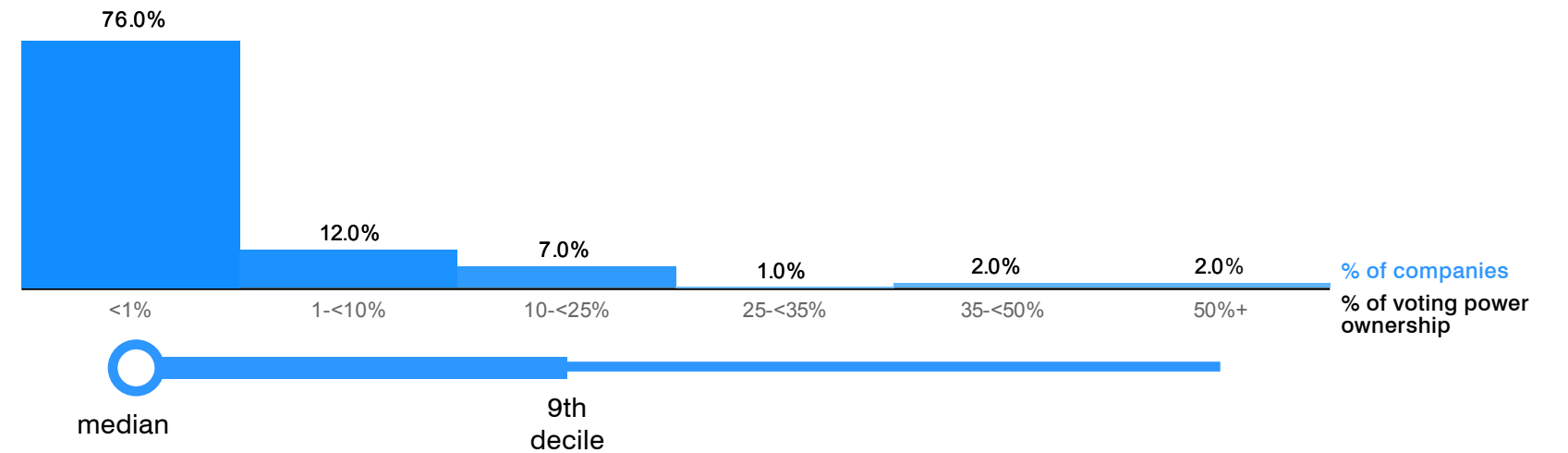
The graphs on this page show the distribution of the percentage ownership of total voting power of the directors and executive officers of the companies in the SV 150 and the S&P 100 for the 2023 proxy season.

## EXECUTIVE AND DIRECTOR VOTING POWER OWNERSHIP—DISTRIBUTIONS

SV 150  
2023



S&P 100  
2023





# Overview

## Continued

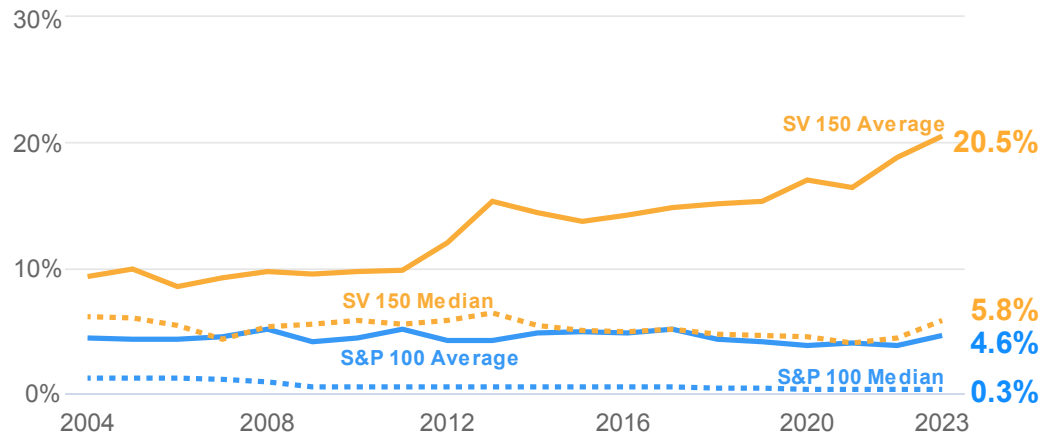
### Voting Power Ownership by Executives and Directors (continued)

As noted above, the distribution of voting power ownership skews higher among the technology and life sciences companies in the SV 150, and that difference has been steadily increasing since 2012. In addition, in 2023 there was a significant increase in average voting power ownership in the SV 150, from 18.8% in 2022 to 20.5% in 2023, caused by the change in composition of the SV 150, with the new entrants averaging 28% voting power ownership in 2023.

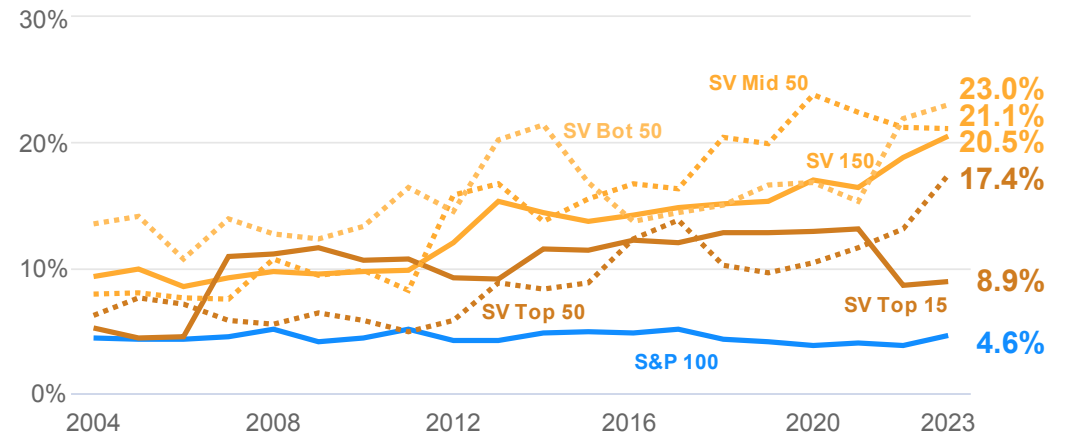
The graphs on this page show the average and median percentages of ownership of total voting power of the directors and executive officers of the companies in the SV 150 and the S&P 100 as a group from the 2004 through 2023 proxy seasons, as well as the percentages of average voting ownership for the SV 150 broken down by the top 15, top 50, middle 50 and bottom 50 companies, and the distribution of the percentage of total insider voting power in the SV 150 and the S&P 100.

## EXECUTIVE AND DIRECTOR VOTING POWER OWNERSHIP—TRENDS OVER TIME

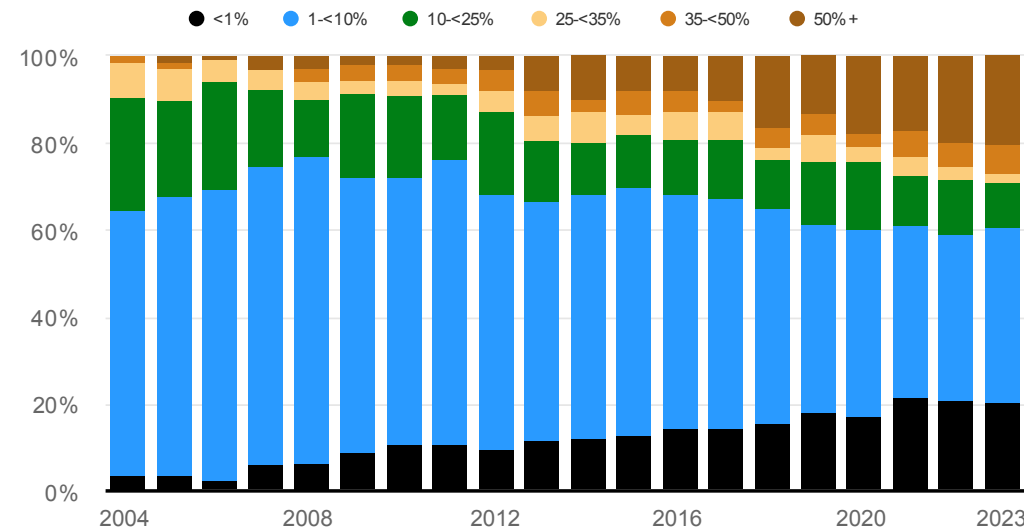
### Average & Median Comparison



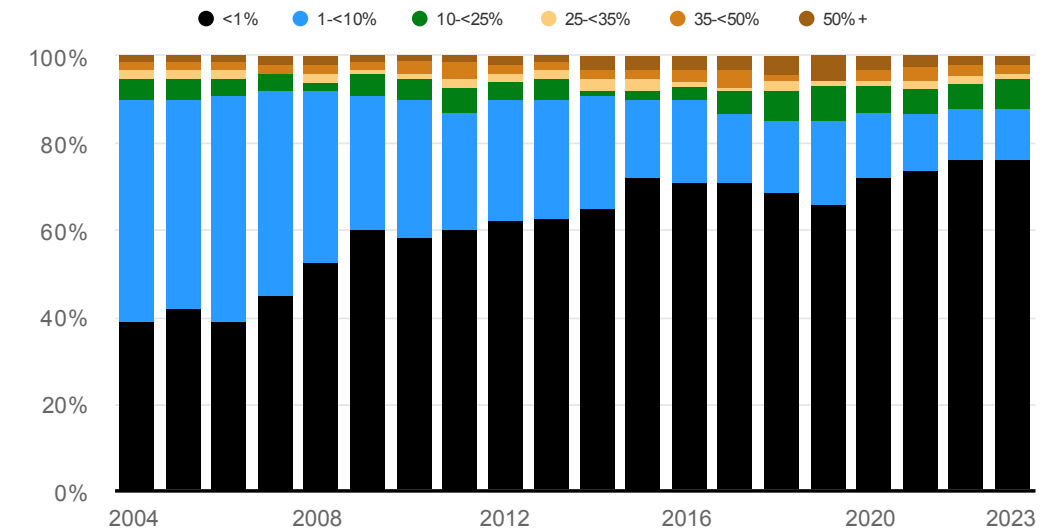
### SV 150 Breakdown – Average Voting Power Ownership



### SV 150



### S&P 100



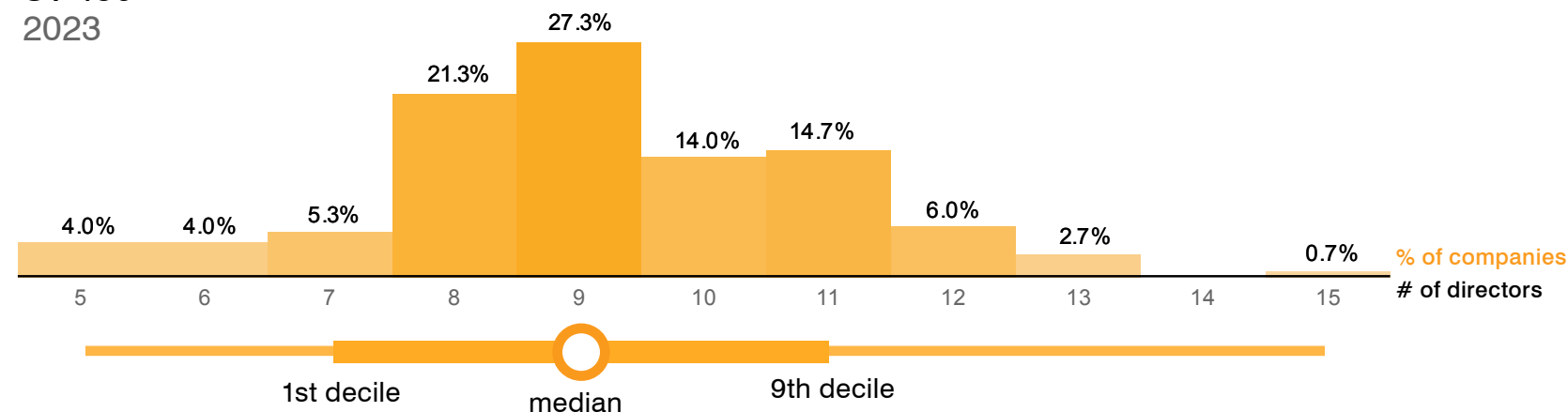
# Board Size

The number of directors tends to be substantially smaller among the technology and life sciences companies in the SV 150 (average = 9.1 directors) than among S&P 100 companies (average = 12.3 directors) with the SV 150 average board size holding steady from 2019 through 2023. SV 150 companies may have added seats to their boards of directors in 2019 in order to comply with California's board diversity statutes (see "California Raises the Bar on Corporate Board Diversity" on page 23).

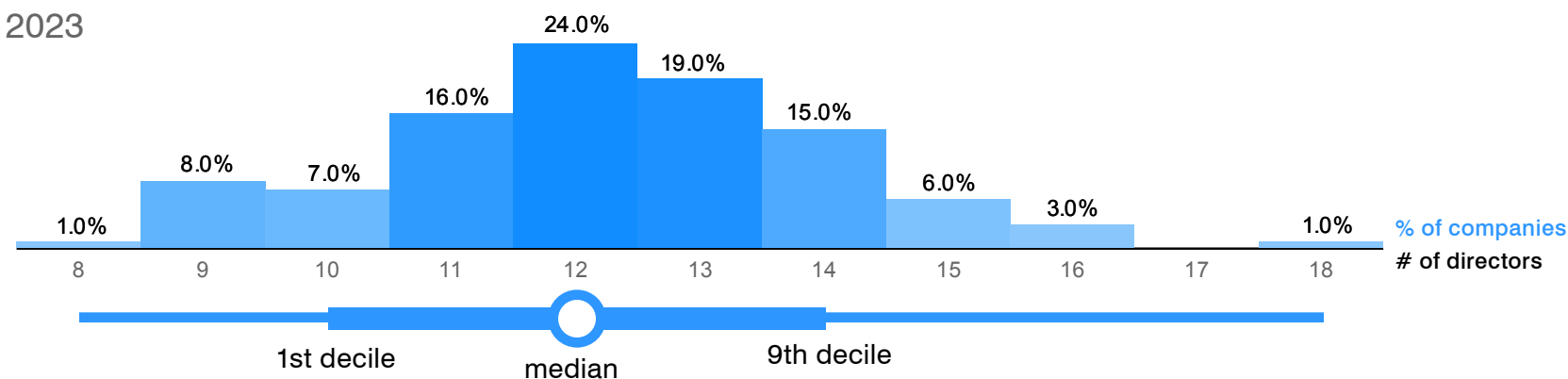
The graphs on this page show the distribution by number of directors among the two groups during the 2023 proxy season, as well as the trend over the period from the 2004 through 2023 proxy seasons (showing both the median number and the cutoffs for the deciles with the most and fewest directors).

## SIZE OF BOARDS OF DIRECTORS—DISTRIBUTION AND TRENDS OVER TIME

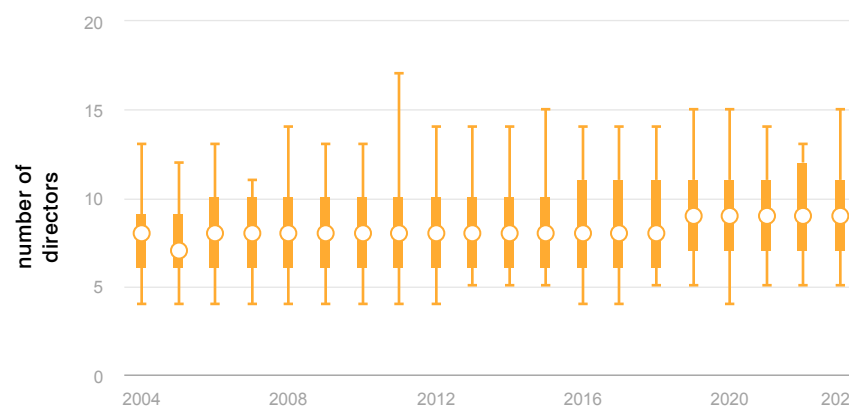
SV 150  
2023



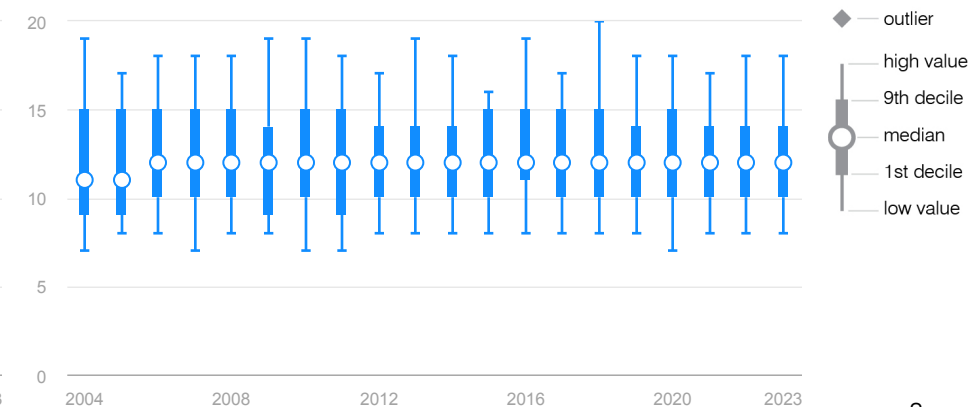
S&P 100  
2023



SV 150



S&P 100

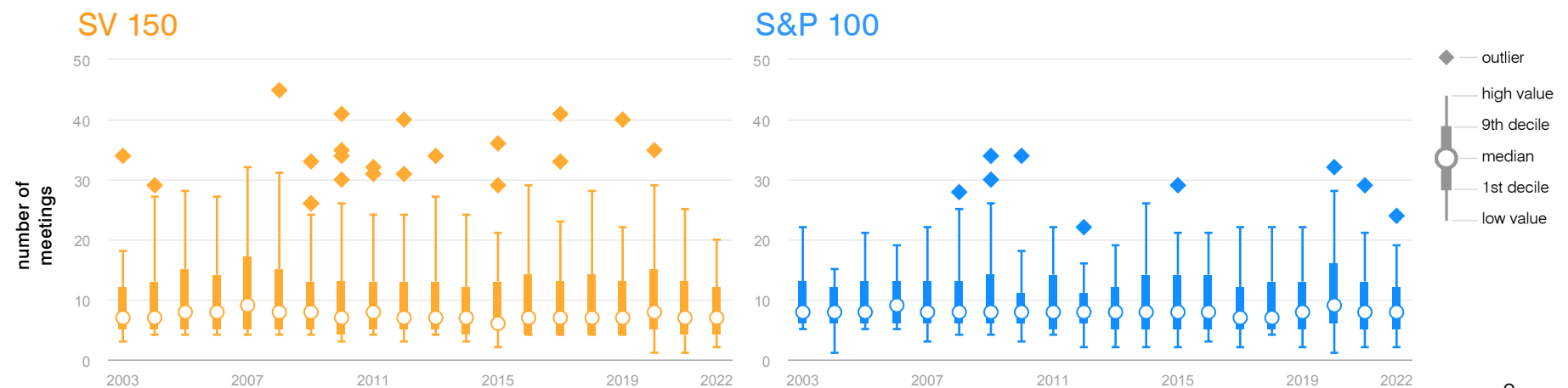
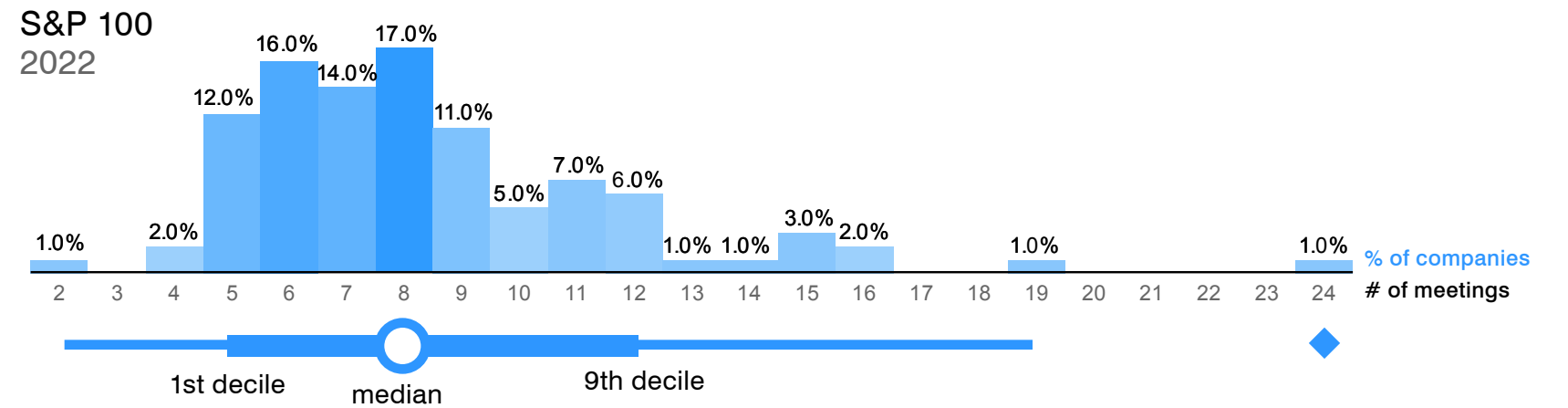
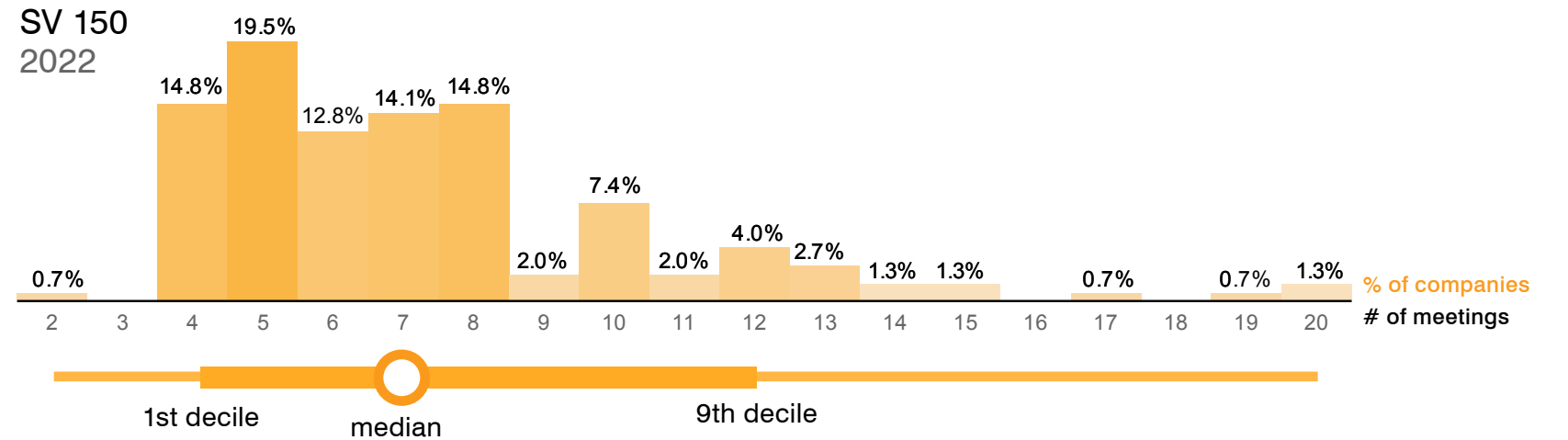


# Board Meeting Frequency

The technology and life sciences companies in the SV 150 held board meetings less often in fiscal 2022 (average = 7.3 in 2022 compared to 8.3 in 2021). Meeting frequency also decreased for S&P 100 companies (average = 8.4 in 2022 compared to 8.7 in 2021).

The graphs on this page show the distribution by number of board meetings among the two groups in fiscal 2022 as reported during the 2023 proxy season, as well as the trend over the period from fiscal years 2003 through 2022 (showing both the median number and the cutoffs for the deciles with the most and fewest meetings), as reported in the 2004 through 2023 proxy seasons.

## NUMBER OF BOARD OF DIRECTORS MEETINGS—DISTRIBUTION AND TRENDS OVER TIME



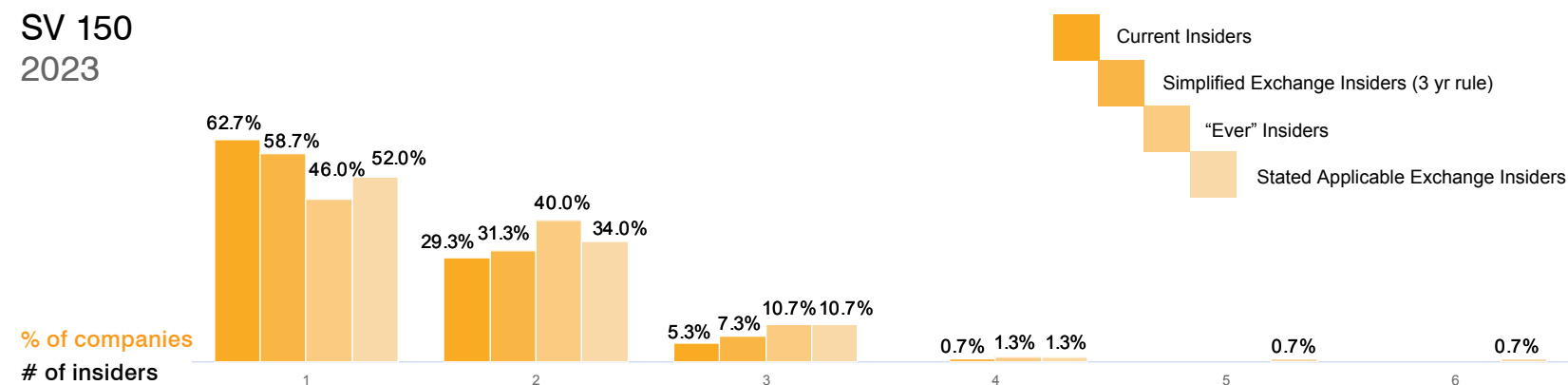
# Insider Directors

Insider directors are more common among members of the boards of the technology and life sciences companies included in the SV 150 than among board members at S&P 100 companies. This is largely a function of the relative size of the boards in the two groups rather than the absolute number of insider directors per board. While generally their prevalence has declined over time in both groups, the SV 150 saw a slight uptick in the percentage of insider directors under the applicable exchange listing standard in 2023.

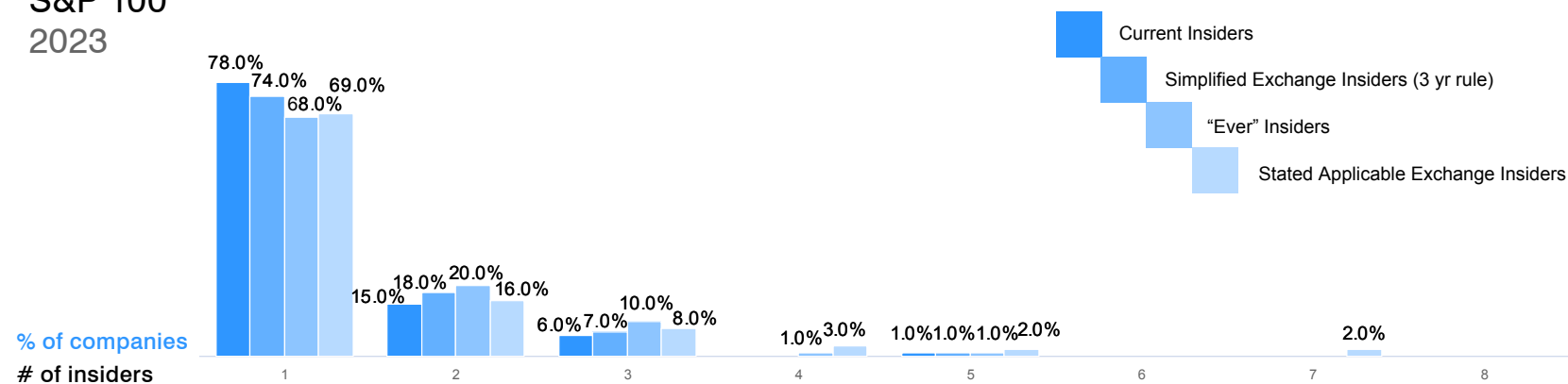
The graphs on this page show the distribution by number of insider directors among the two groups during the 2023 proxy season. In these graphs, we have shown “insider” status determined in various ways. See the discussion under “Insider/Independent” in the Methodology section at the end of this report for a description of the different methods of determining whether a director is an insider.

## INSIDER DIRECTOR—DISTRIBUTION OF NUMBERS OF INSIDERS

### SV 150 2023



### S&P 100 2023



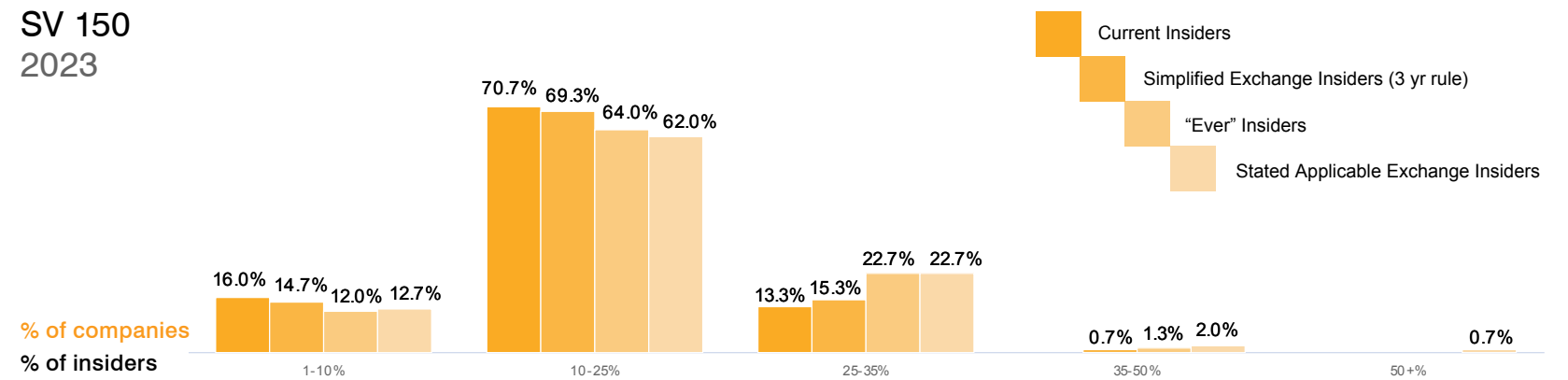
# Insider Directors

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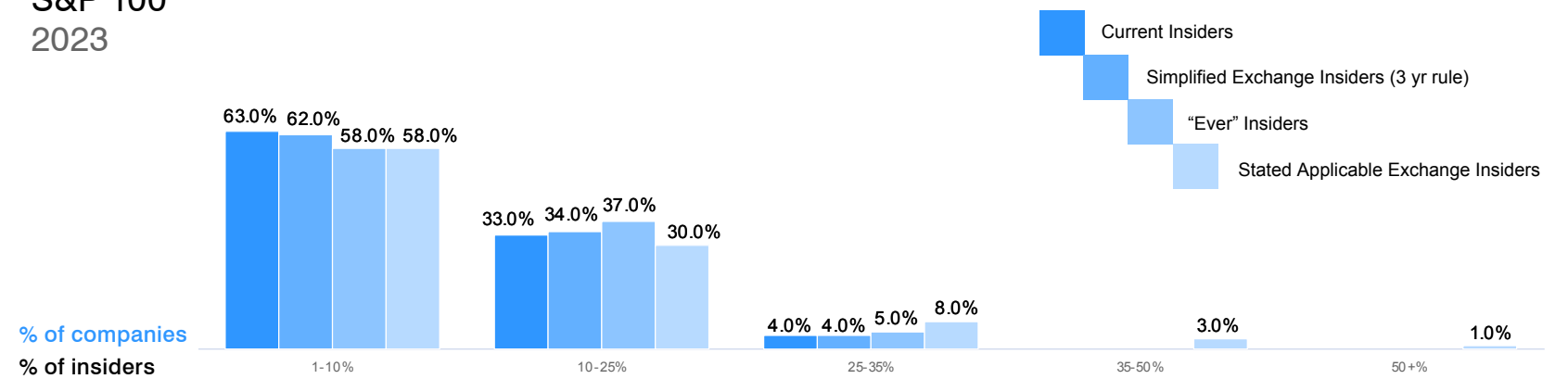
The graphs on this page show the distribution by percentage of insider directors among the two groups during the 2023 proxy season. In these graphs, we have shown “insider” status determined in various ways. See the discussion under “Insider/Independent” in the Methodology section at the end of this report for a description of the different methods of determining whether a director is an insider.

## INSIDER DIRECTOR—DISTRIBUTION OF PERCENTAGES OF INSIDERS

SV 150  
2023



S&P 100  
2023



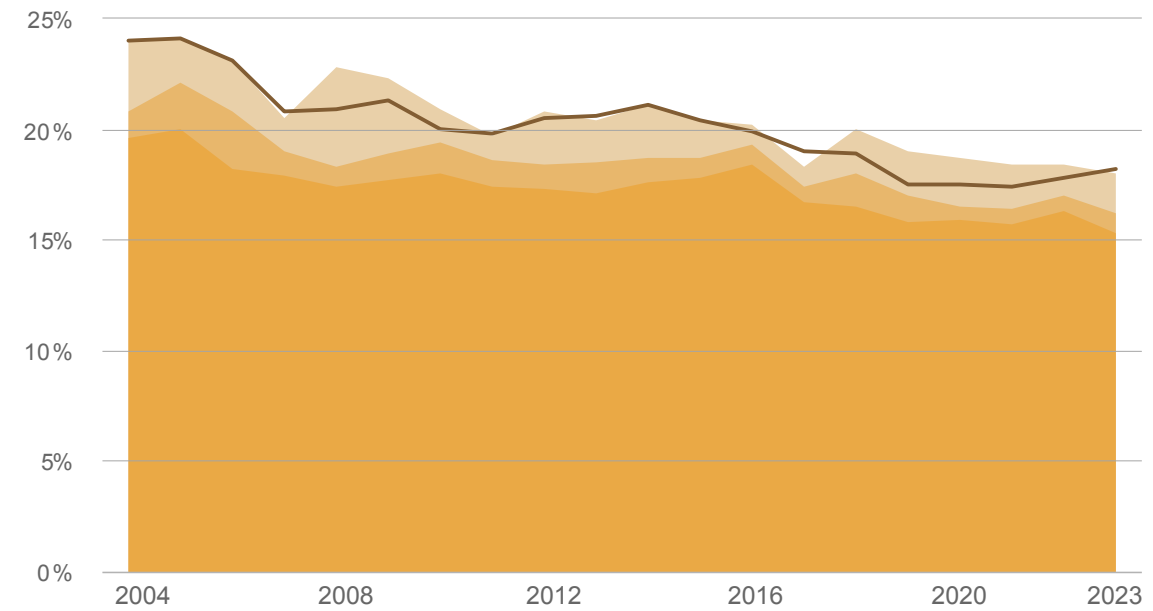
# Insider Directors

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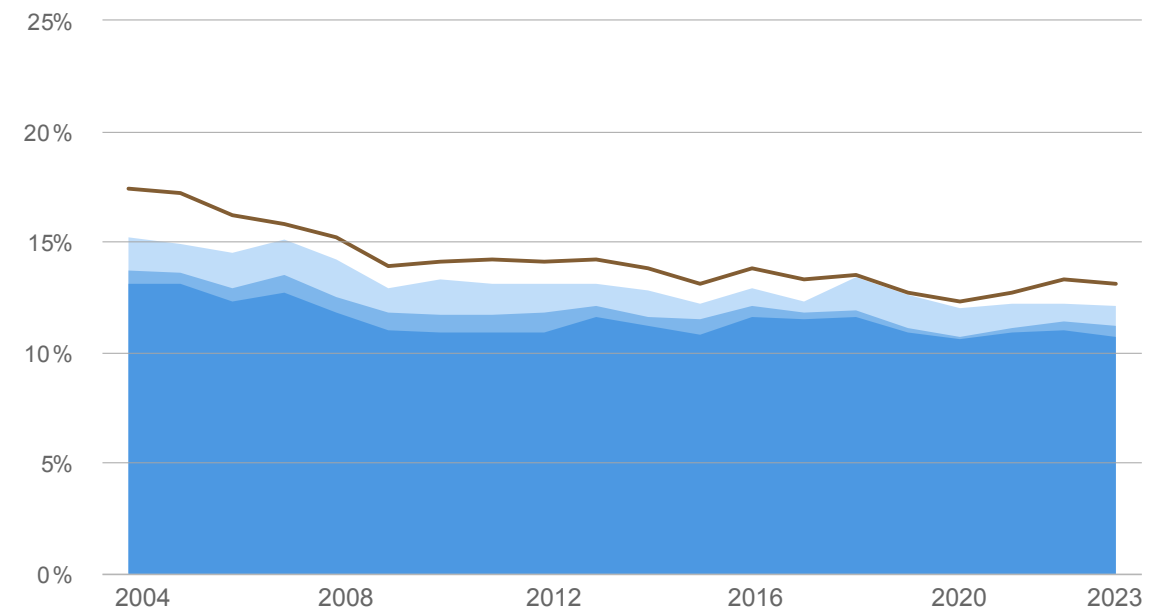
The graphs on this page show the trend of the average as a percentage of the full board that are insiders for each group. In these graphs, we have shown “insider” status determined in various ways over the period from the 2004 through 2023 proxy seasons. See the discussion under “Insider/Independent” in the Methodology section at the end of this report for a description of the different methods of determining whether a director is an insider.

## INSIDER DIRECTOR — TRENDS OVER TIME

SV 150



S&P 100



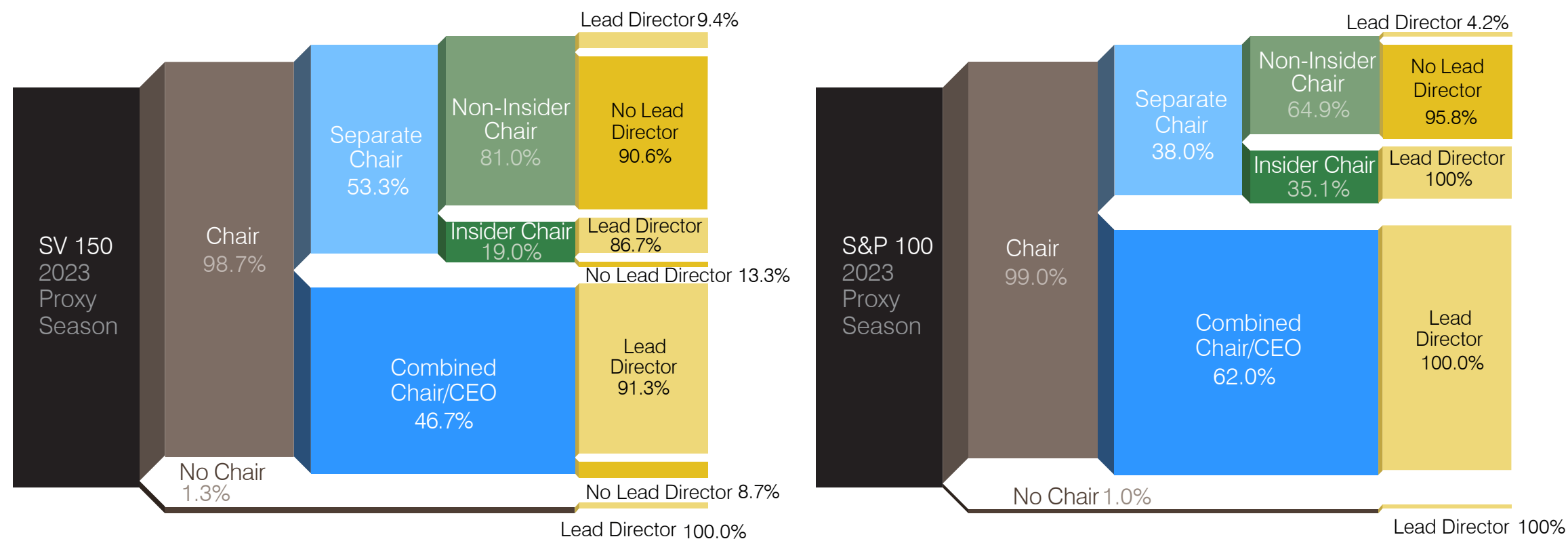
- % Stated Applicable Exchange Insiders
- ■ % “Ever” Insiders
- ■ % Simplified Exchange Insiders (3 yr rule)
- ■ % Current Insiders

# Board Leadership

These graphs show the percentage of companies during the 2023 proxy season with a board chair, then of those with a chair, the percentage with a separate chair (rather than a combined chair/CEO), and then of those with a separate chair, the percentage with a chair who is not an insider (under the applicable exchange standard). In addition, for each branch, the graphic shows the percentage with some form of lead director (separate from any chair).

During the period covered by this survey, insider dominance of board leadership started lower and declined more rapidly among the technology and life sciences companies in the SV 150 than among S&P 100 companies. By the 2011 proxy season, almost half of SV 150 companies did not have a chair who was an insider (whether measured as a current insider or under the applicable exchange listing standard)—though that trend has largely stalled since then. In the SV 150, 46% of companies in the 2023 proxy season did not have a current insider chair, compared to only 31% in the S&P 100, and 44.7% in the SV 150 had no insider chair under the applicable exchange listing standard, compared to only 30% in the S&P 100. In the 2023 proxy season, combined chair/CEOs existed at about 46.7% of companies in the SV 150, while combined chair/CEOs existed at about 62% of S&P 100 companies (albeit with lead directors also present at all S&P 100 companies).

**BOARD LEADERSHIP—BRANCHING PERCENTAGES**



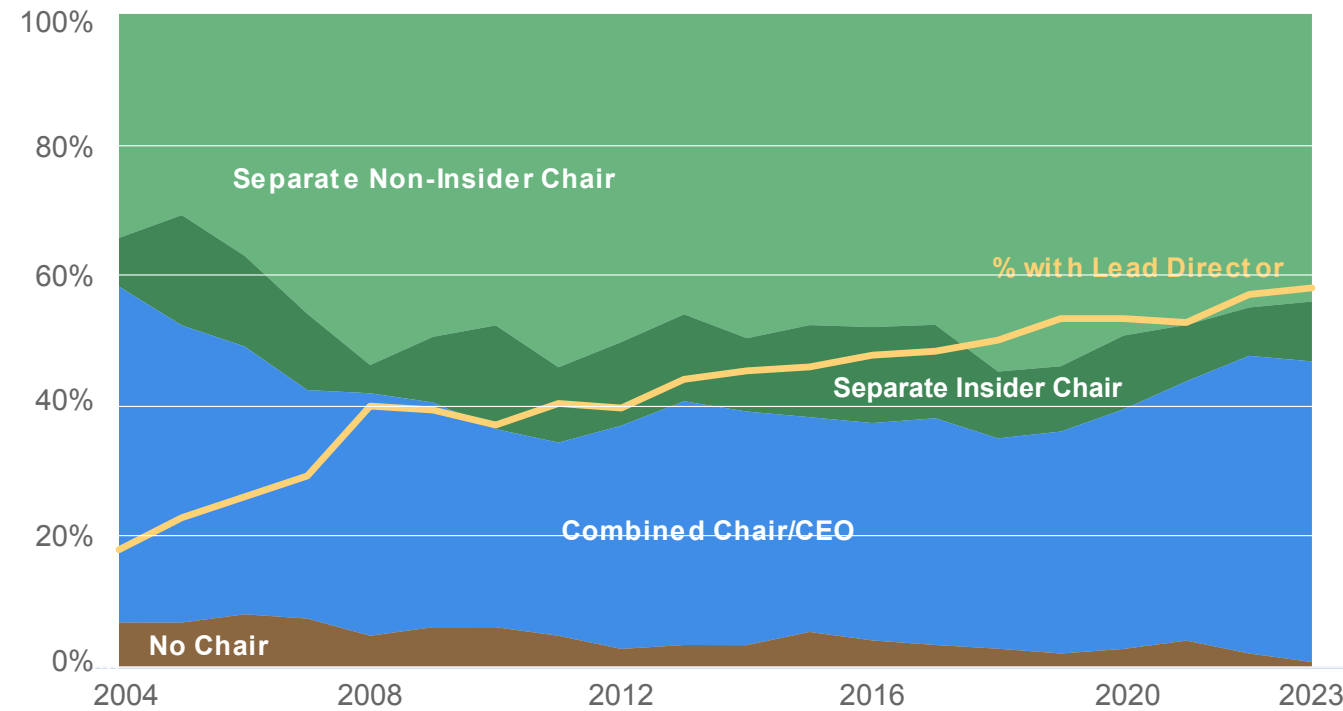
# Board Leadership

Continued

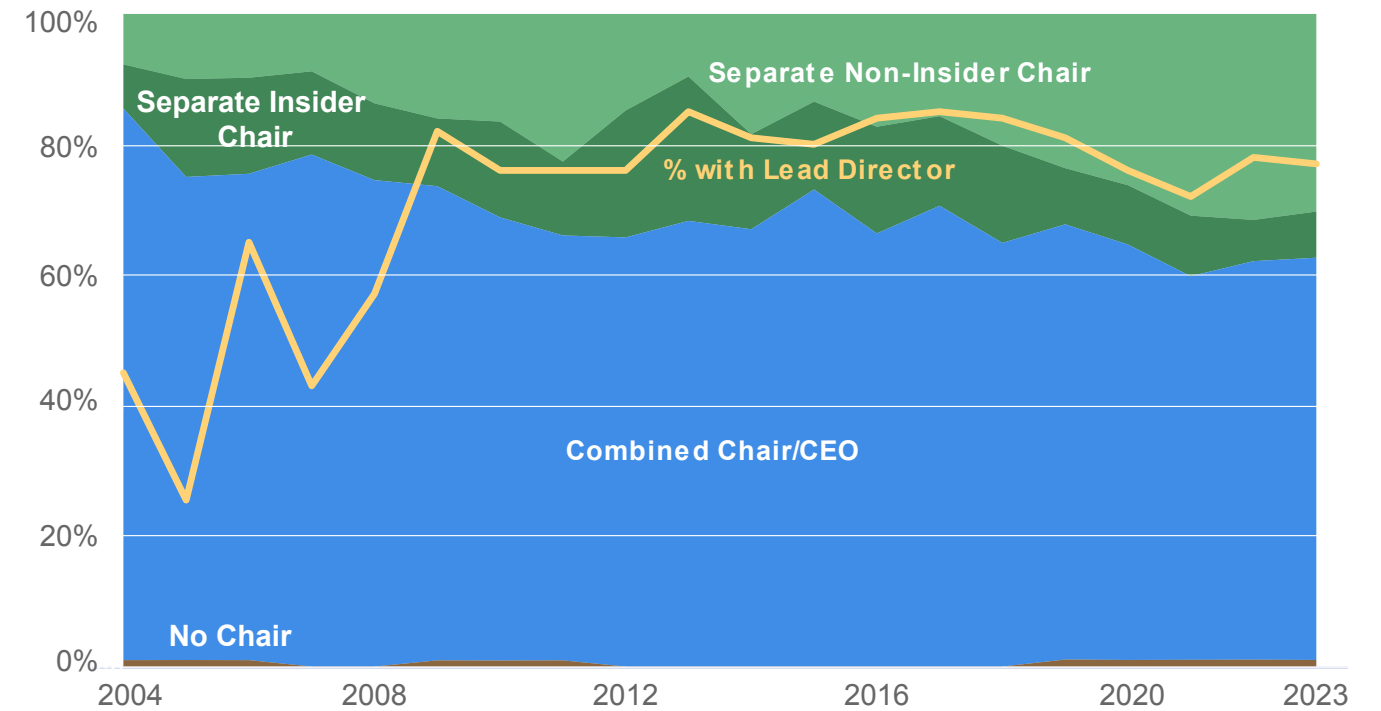
The graphs on this page track, from the 2004 through 2023 proxy seasons, the percentage of all companies with no chair, a combined chair/CEO, a separate but insider chair, and a separate and non-insider chair (under the applicable exchange standard), as well as the percentage of all companies with some form of lead director.

## BOARD LEADERSHIP—TRENDS OVER TIME

SV 150



S&P 100





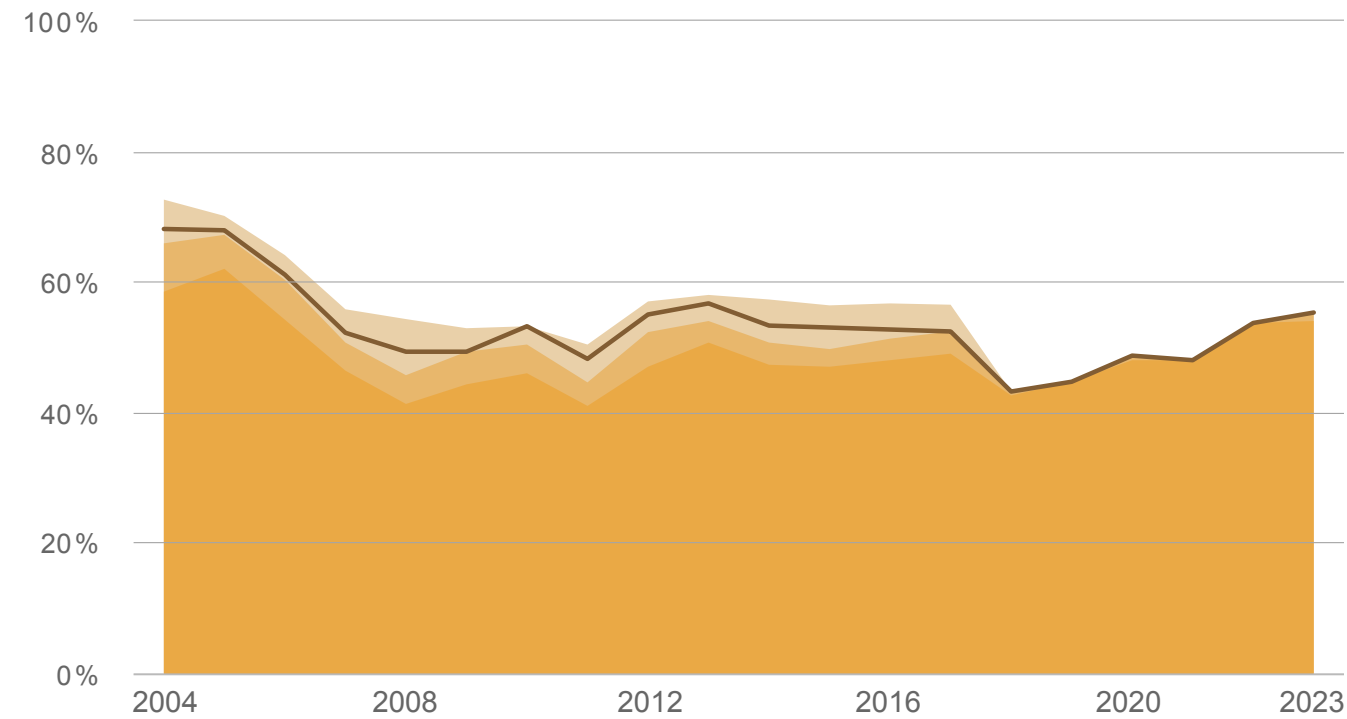
# Board Leadership

Continued

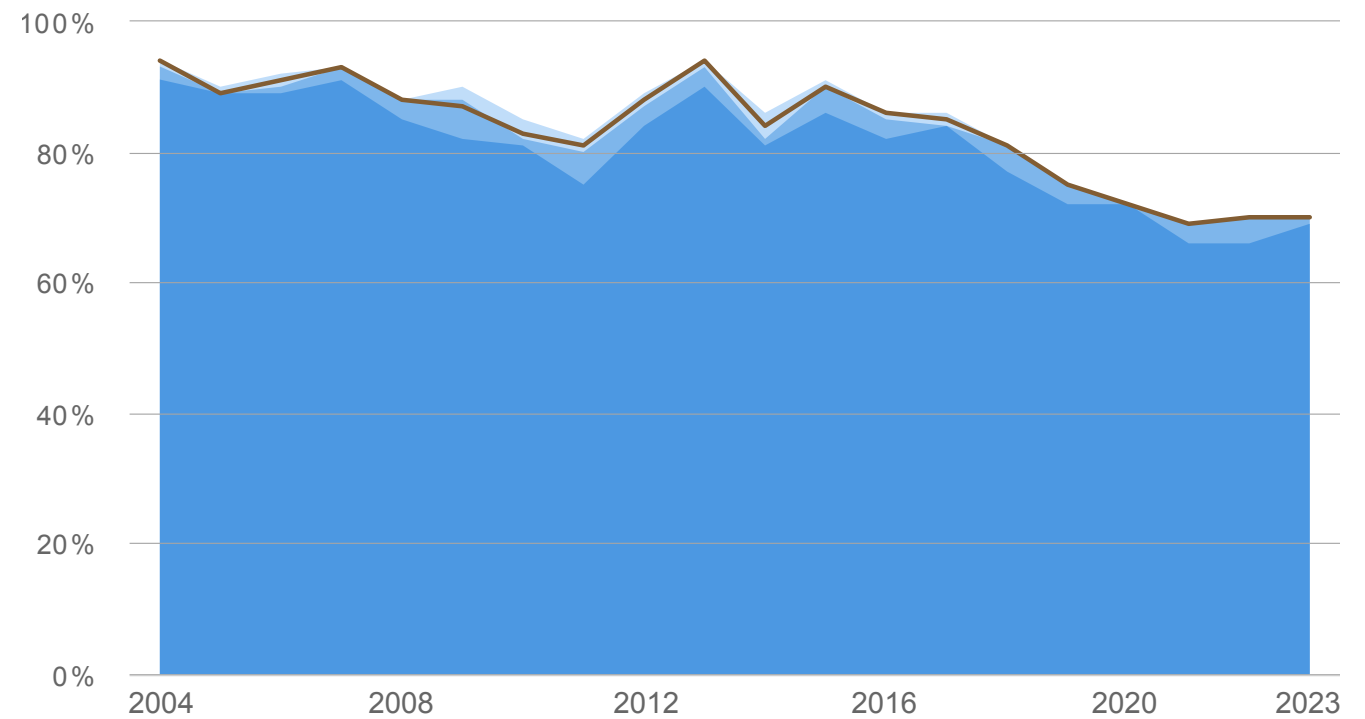
The graphs on this page show the trend over time of the percentage of boards with chairs who are insiders for each group. In these graphs, we have shown “insider” status determined in various ways. See the discussion under “Insider/Independent” in the Methodology section at the end of this report for a description of the different methods of determining whether a chair is an insider.

## INSIDER BOARD CHAIR — TRENDS OVER TIME

SV 150



S&P 100



# Board Diversity

Board diversity<sup>12</sup> has been an area of intense focus for shareholders, regulators, proxy advisors and other stakeholders in recent years. Regulation and shareholder pressure have resulted in significant increases in the number of women and people from underrepresented communities serving on boards in the last couple of years.

Our data indicates that companies in both the SV 150 and S&P 100 responded to these developments, showing increases in the number of women serving on their boards in 2023.

## Regulatory and Legislative Efforts

Under SEC disclosure rules adopted in 2009, companies are required to disclose whether they consider diversity in identifying nominees to the board of directors. However, companies have the flexibility to define diversity for themselves, and such definitions typically include a wide range of factors, not simply traditional diversity factors such as gender, race and ethnicity.<sup>13</sup>

Consequently, it has been challenging to measure board diversity in a systematic way when relying primarily on the information in public filings,<sup>14</sup> though we expect that to

<sup>12</sup> See [Gender Diversity in the Silicon Valley: A Comparison of Large Public Companies and Silicon Valley Companies, 2020 Proxy Season](#), for a substantially more detailed review of gender diversity on the boards of directors, as well as among the management teams, of SV 150 and S&P 100 companies. That report, a supplement to this survey, covers data from the 1996 through 2020 proxy seasons and includes a discussion of factors underlying the statistics as well as references to additional materials on the subject. To be placed on an email list for future editions of the gender diversity survey when published, visit <https://www.fenwick.com/corporate-governance-survey-subscription-form>. We expect to publish the 2023 Proxy Season edition in the second quarter of 2024. See also Fenwick's "Diversifying the Board Room: What Silicon Valley-Based and Other Large Public Companies Disclosed in 2022," for more data on recent trends.

<sup>13</sup> See [current Item 407\(c\)\(2\)\(vi\) of Regulation S-K](#) and [SEC Release No. 33-9089](#). Companies typically include factors such as diversity of business experience, viewpoints, personal background (sometimes specifying race and gender) and relevant knowledge, skills or experience in technology, government, finance, accounting, international business, marketing and other areas (if they provide even this level of definition in their disclosures) when describing how their boards consider diversity when making nomination decisions. They do not typically describe how each sitting director or nominee measures against each of those factors (to the extent they enumerate them at all as part of the definition). However, in August 2021, the SEC approved Nasdaq rules requiring disclosure of board diversity information covering both gender and underrepresented minorities as well as requiring listed companies to explain why they do not meet specified minimum diversity requirements.

<sup>14</sup> However, for a report on traditional diversity factors, executive recruiter Spencer Stuart found that S&P 500 boards are heeding the growing calls from shareholders and other stakeholders for enhanced boardroom diversity of gender, age, race/ethnicity and professional background. In the past year 67% of the new directors self-identify as female and/or underrepresented minorities (Black/African American, Asian, Hispanic/Latinx, Native American/Alaska native, Native Hawaiian/Pacific Islander, or two or more races or ethnicities), and/or LGBTQ+. Women now make up 33% of all S&P 500 directors, and underrepresented racial and ethnic groups make up 24%. See Spencer Stuart's "[2023 S&P 500 New Director Snapshot](#)" (August 2023).

change significantly because of strong investor interest in such information as well as recent regulatory developments.

On Aug. 6, 2021, the SEC approved rules that require Nasdaq-listed U.S. companies to publicly disclose board diversity statistics and will require most listed companies to have at least one woman and one person who self-identifies as an underrepresented minority or LGBTQ+ on the board or explain why they do not.<sup>15</sup> More recently, the SEC has indicated that it intends to propose board diversity disclosure rules, which would likely require all public companies to provide more detailed board diversity disclosure.<sup>16</sup> Some speculate that these disclosure rules would be modeled after the Nasdaq board diversity disclosure rule, requiring the provision of data regarding gender, racial/ethnic and LGBTQ+ board diversity.

In addition to these regulatory efforts to increase board diversity disclosure, in 2018 California enacted legislation requiring a minimum number of women on corporate boards of companies headquartered in California. California passed a similar law regarding members of underrepresented communities in 2020. We discuss both California laws and the Nasdaq board diversity rules, which have been subject to legal challenges, in more detail below.

## Investor and Proxy Advisor Policies

Many institutional investors and the two largest proxy advisory firms have policies that will penalize companies that lack gender and racial/ethnic board diversity. For example, BlackRock, one of the largest global asset managers and the largest institutional shareholder for many companies, believes that the boards of U.S. companies should aspire to be at least 30% diverse and should have at least two women and one director who identifies as a member of an underrepresented group.<sup>17</sup>

Institutional Shareholder Services (ISS), the leading proxy voting advisory firm, has adopted voting policies to further gender as well as racial and ethnic board diversity

<sup>15</sup> For a discussion of Nasdaq's board diversity rules, see Fenwick's previous publication "[SEC Adopts Nasdaq Rules on Board Diversity](#)" (August 2021).

<sup>16</sup> "[Raising the Bar on Diversity, Equity and Inclusion](#)," Speech by Commissioner Jaime Lizárraga (October 13, 2022).

<sup>17</sup> See [BlackRock Investment Stewardship: Proxy Voting Guidelines for U.S. Securities](#) (January 2023).

# Board Diversity

Continued

and related disclosure. At shareholder meetings for companies lacking board gender diversity and for companies in the Russell 3000 or S&P 1500 indices in which the board has no racially or ethnically diverse members, ISS generally recommends a vote “against” or “withhold” from the chair of the nominating committee (or other directors on a case-by-case basis).

Similarly, Glass Lewis, the other leading proxy voting advisory firm, generally recommends voting against nomination committee chairs on boards of companies in the Russell 3000 index that have less than 30% gender-diverse directors (or one gender-diverse director for companies outside of the Russell 3000) and the entire nominating committee if there are no gender-diverse directors. Glass Lewis generally recommends against nominating committee chairs of Russell 1000 companies with no director from an underrepresented community, which includes an individual who self-identifies as Black, African American, North African, Middle Eastern, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian or Alaskan Native, or gay, lesbian, bisexual or transgender.<sup>18</sup>

Although there have been significant increases in voluntary reporting of racial/ethnic diversity, until expected improvements in diversity disclosure become more widespread, through the 2023 proxy season we have elected to track gender as a measure of board diversity for the technology and life sciences companies in the SV 150 and S&P 100 companies because gender can be more readily measured in public filings.

<sup>18</sup> For a discussion of ISS’s and Glass Lewis’s most recent updates to their voting guidelines, see Fenwick’s previous publication “[Proxy Advisors Update Voting Guidelines for 2023 Focusing on Board Diversity, Officer Exculpation and ESG Oversight](#)” (December 2022).

A review of our data suggests that board size may be a significant factor affecting the number of women directors, and to some degree that is a function of the relatively small size of many SV 150 companies.<sup>19</sup> For example, while S&P 100 companies tend to have more women directors than SV 150 companies when measured in absolute numbers (S&P 100 average = 4.2 and SV 150 average = 3.1 women in the 2023 proxy season), the difference (while significant) is negligible when measured as a percentage of the total number of directors (S&P 100 average = 33.6% of directors and SV 150 average = 33% of directors in the 2023 proxy season). In addition, the data for the top 15 of the SV 150 is closer to that of the S&P 100 than to the SV 150 generally (top 15 average = 3.8 in the 2023 proxy season, up from average = 1.7 in the 2011 proxy season), despite having a smaller average board size (top 15 of SV 150 average = 11.3; S&P 100 average = 12.3). When measured as a percentage of the total number of directors, the top 15 of the SV 150 virtually equals their S&P 100 peers (top 15 average = 33.5% women directors in the 2023 proxy season).<sup>20</sup>

Further, as of 2021, all companies in the SV 150 now have at least one woman director, after the long-term trend in the SV 150 of increasing numbers of women directors (both in absolute numbers and as a percentage of board members) and declining numbers of boards without women members.

<sup>19</sup> While our data focuses on a limited number of public companies in Silicon Valley and large public companies nationally, this observation appears to be true among the largest companies as well. See Spencer Stuart’s “[2023 S&P 500 New Director and Diversity Snapshot](#)” (August 2023).

<sup>20</sup> As many companies add board seats, their boards generally expand the mix of skills and experiences that they seek to have represented, often into areas where women are more represented than they are in the mix in effect for smaller boards or companies at earlier stages of development.

# Board Diversity

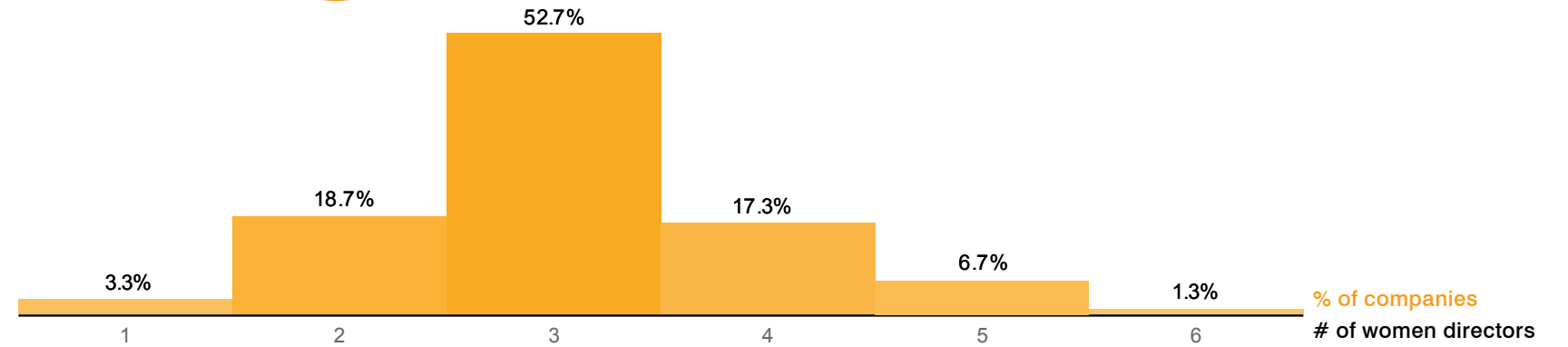
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The graphs on this page show the percentage of companies with at least one woman director and the distributions by number of women directors among the boards of companies in each group during the 2023 proxy season.

## WOMEN DIRECTORS—2023 PROXY SEASON DISTRIBUTION

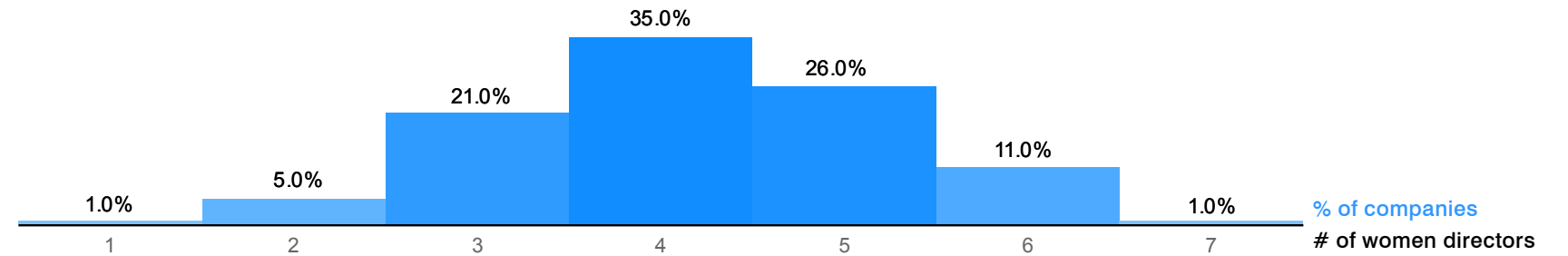
SV 150  
2023

% of companies  
with at least 1  
woman director



S&P 100  
2023

% of companies  
with at least 1  
woman director



# Board Diversity

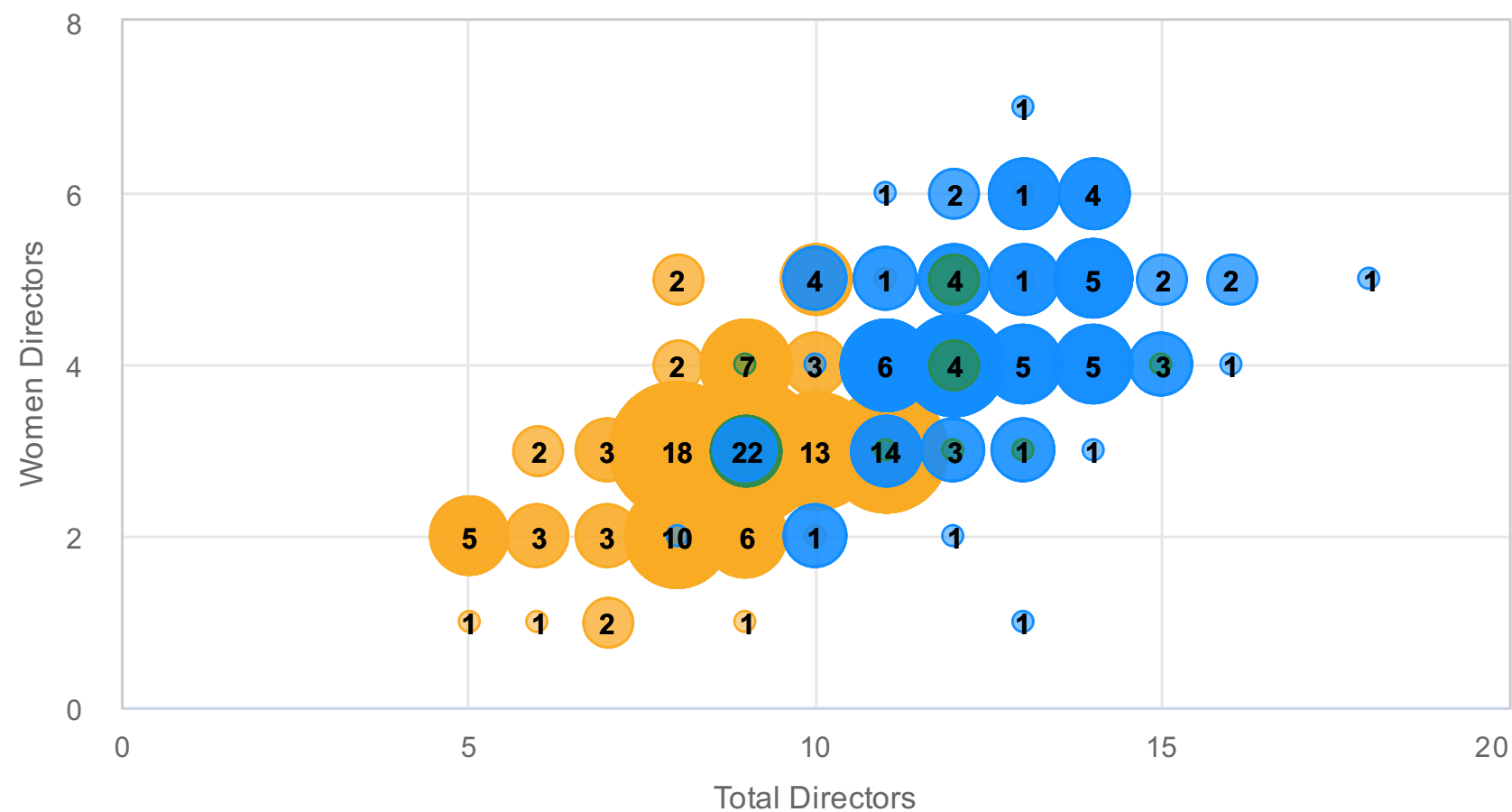
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During the period covered by the survey, both groups of companies have made significant gains in the average percentage of board members that are women (SV 150 average = 2.7% in 1996 and 33% in the 2023 proxy season; top 15 of the SV 150 average = 5.8% in 1996 and 33.5% in the 2023 proxy season; S&P 100 average = 10.9% in 1996 and 33.6% in the 2023 proxy season), though there was a period of relative stagnation from the 2008 through 2011 proxy seasons. There has been a distinct downward trend in the percentage of SV 150 companies with no women directors, from 83.3% in 1996 to none in the 2023 proxy season.<sup>21</sup>

The graph on this page shows the distribution of women directors by number of women directors at each board size among the boards of companies in each group during the 2023 proxy season.

### DISTRIBUTIONS BY BOARD SIZE VS. NUMBER OF WOMEN DIRECTORS

S&P 100 (100 companies) vs. SV 150 (150 companies)



<sup>21</sup> Progress among companies in the top 15 of the SV 150 has been even greater, with a drop from 50.0% of companies with no women serving as directors in 1996 to all companies having at least two women directors by 2017. In fact, the number of companies with no women serving as directors fell meaningfully at all levels of the SV 150.

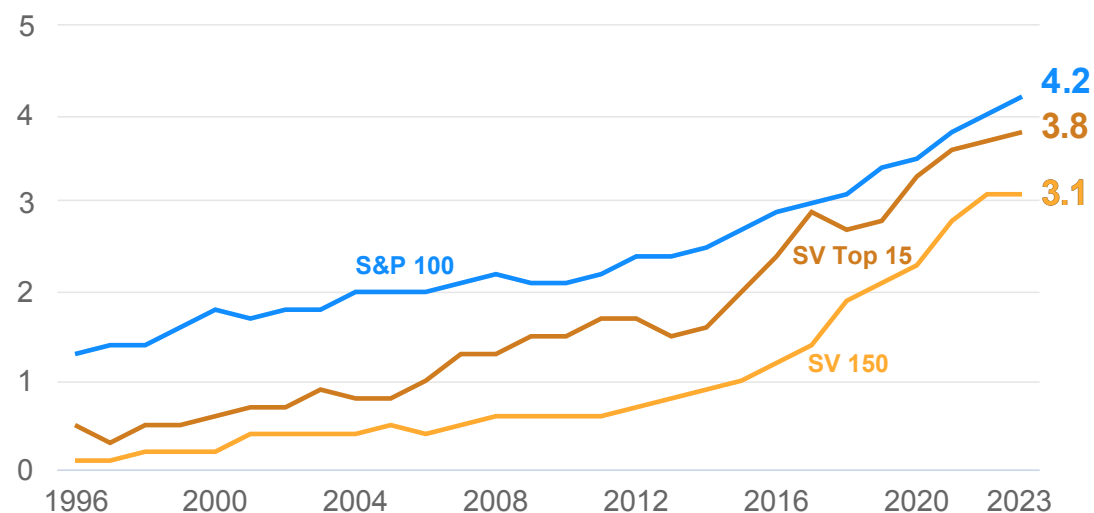
# Board Diversity

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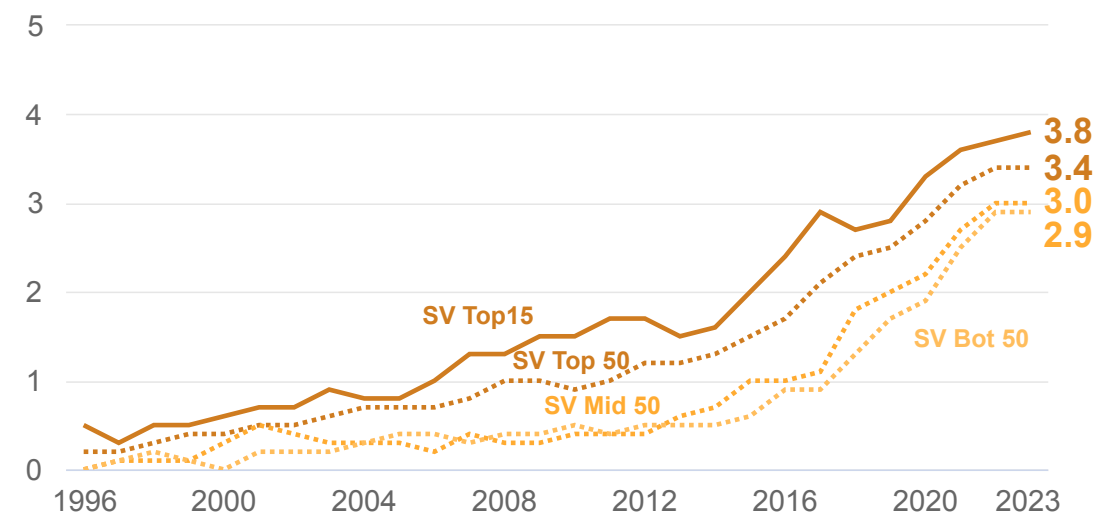
The graphs on this page show the average number and the average percentage of women directors for the SV 150, the top 15 of the SV 150 and the S&P 100 (and with the SV 150 broken down by the top 50, middle 50 and bottom 50 companies), over the period from the 1996 through 2023 proxy seasons.

AVERAGE NUMBER OF WOMEN DIRECTORS — 1996–2023

S&P 100 vs. SV Top 15 vs. SV 150

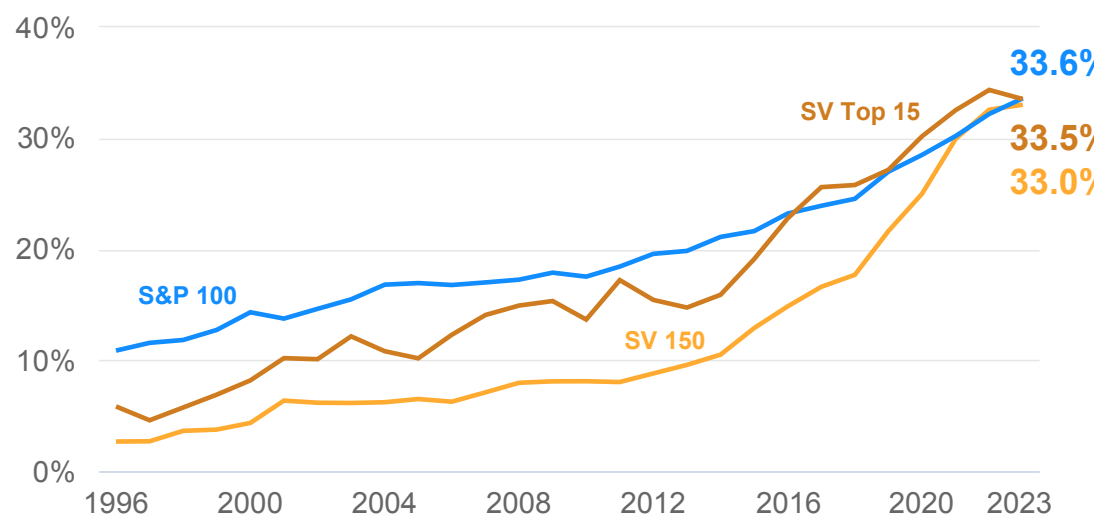


SV 150 Breakdown

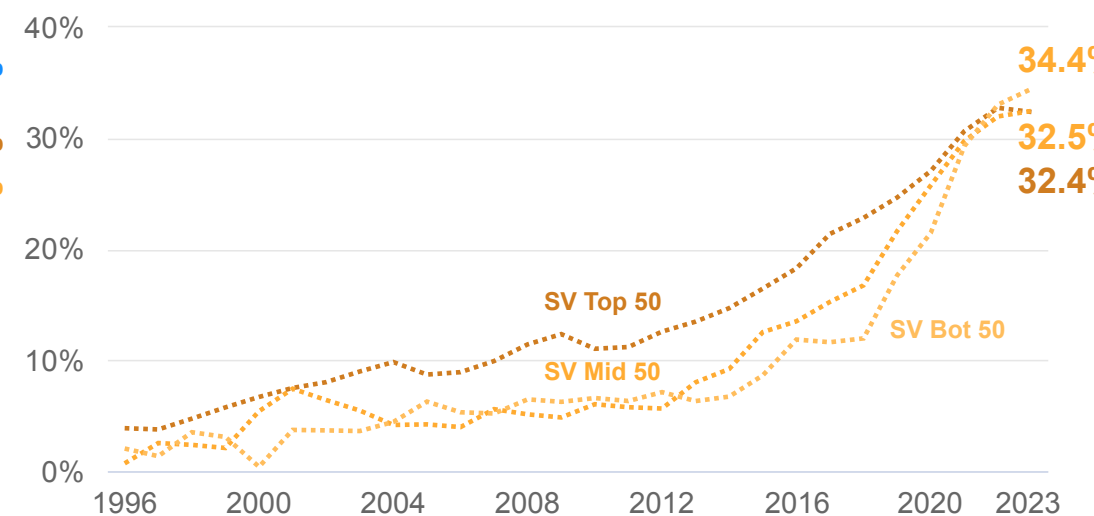


AVERAGE PERCENTAGE OF WOMEN DIRECTORS — 1996–2023

S&P 100 vs. SV Top 15 vs. SV 150



SV 150 Breakdown



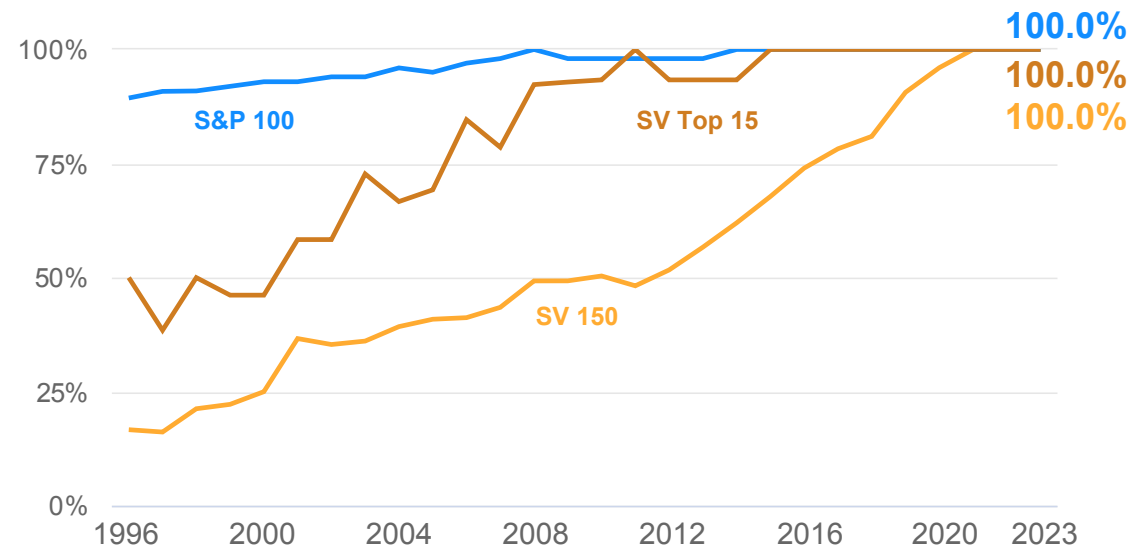
# Board Diversity

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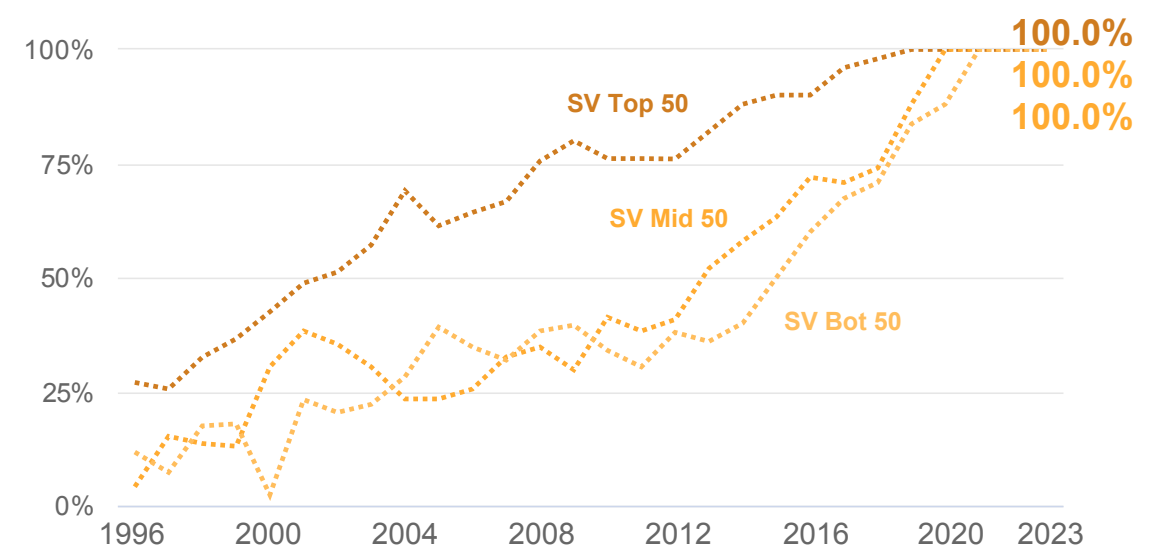
The graphs on this page show the percentage of companies with at least one woman director in the SV 150, the top 15 of the SV 150 and the S&P 100 (and with the SV 150 broken down by the top 50, middle 50 and bottom 50 companies) over the period from the 1996 through 2023 proxy seasons.

PERCENTAGE OF COMPANIES WITH AT LEAST ONE WOMAN DIRECTOR — 1996–2023

S&P 100 vs. SV Top 15 vs. SV 150



SV 150 Breakdown



# Board Diversity

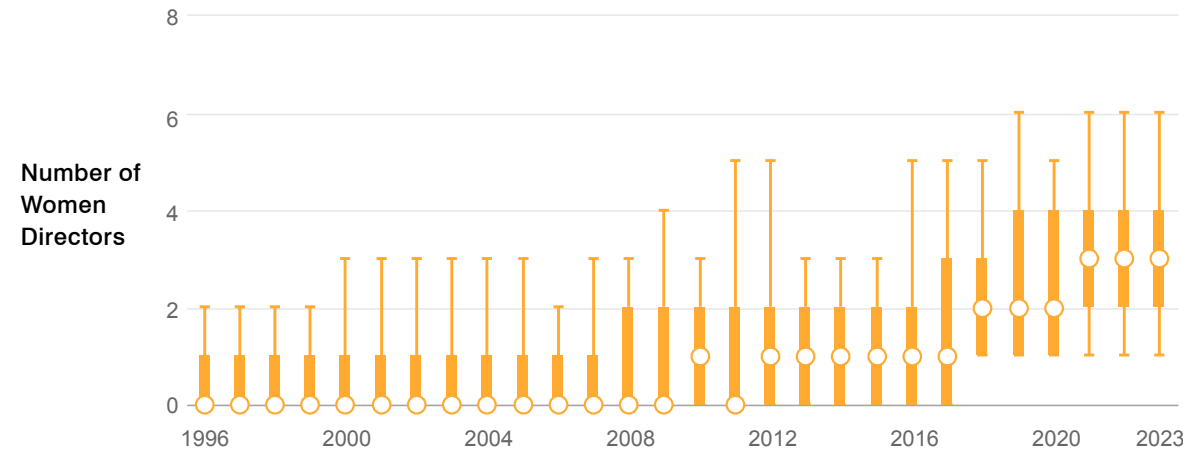
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The graphs on this page show the trend in the distribution by number and percentage of women directors in each group (showing both the median number or percentage and the cutoffs for the deciles with the most women directors) over the period from the 1996 through 2023 proxy seasons.

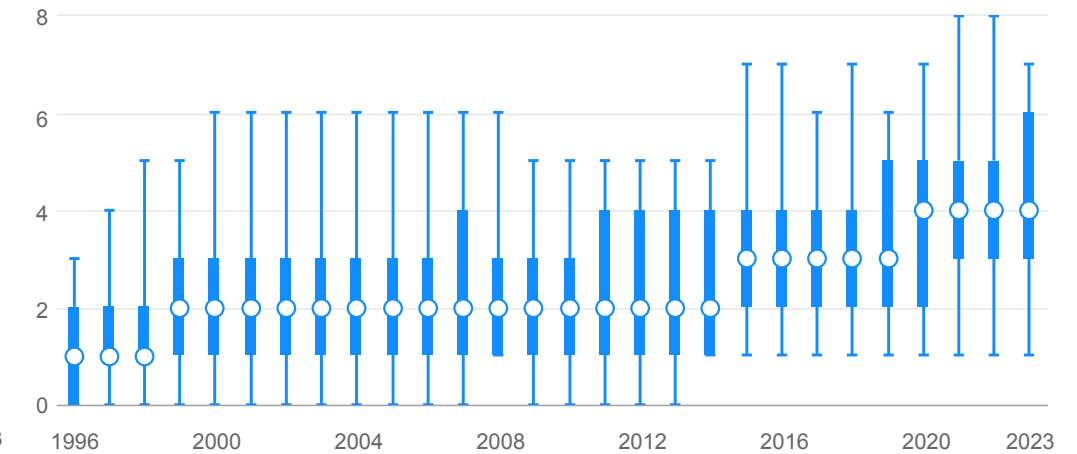
## DISTRIBUTION OF NUMBER AND PERCENTAGE OF WOMEN DIRECTORS — 1996–2023

### Women Directors: Numbers 1996 – 2023

#### SV 150

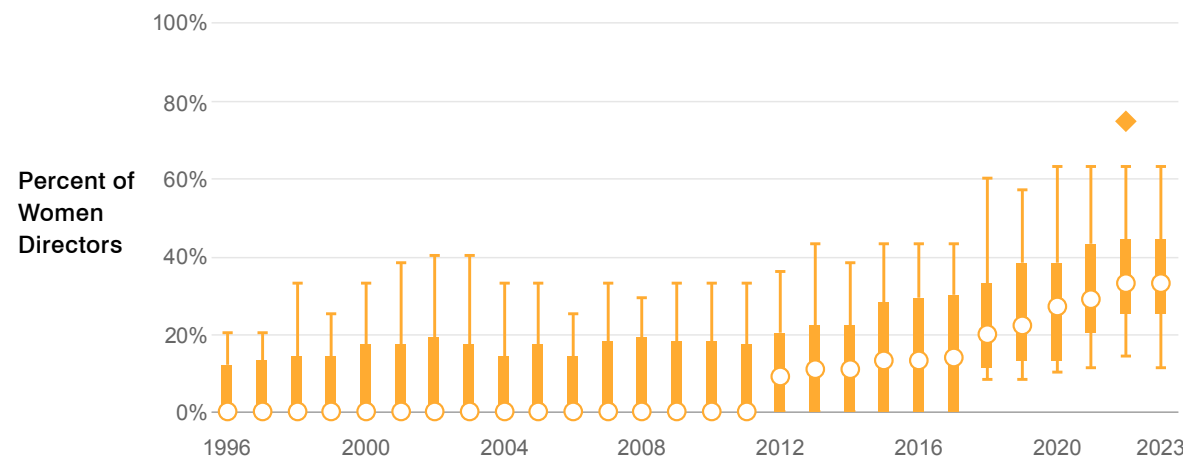


#### S&P 100

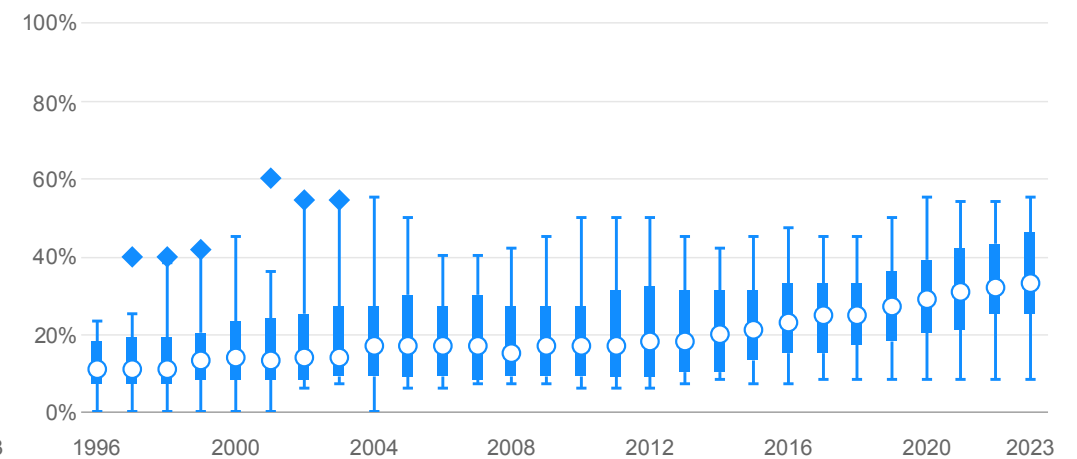


### Women Directors: Percentages 1996 – 2023

#### SV 150



#### S&P 100





# Board Diversity

Continued

## California Seeks to Raise the Bar on Corporate Board Diversity

In 2018 and 2020, California passed landmark laws mandating that public companies in California include women and people from underrepresented communities on corporate boards.<sup>22</sup> Due to successful legal challenges, these laws are not currently being enforced (see “Legal Challenges”). However, they have already had a significant effect on the makeup of boards in the SV 150 and S&P 100 companies headquartered in California.

### Gender

Then-Governor Jerry Brown signed SB 826 into law in September 2018, mandating that public companies headquartered in California have at least one woman on the board in calendar year 2019. The law also calls for at least two women on boards that have five total directors, and at least three women on boards of six or more directors by calendar year 2021. Not meeting the requirement carries fines in the six figures for each violation and has a related impact on brand and reputation.

Our data show that many SV 150 companies would have needed to add women to their boards in order to comply with the law. As of the 2023 proxy season (generally proxy statements filed in the 12 months prior to June 30, 2023) all companies had at least one woman director. Most SV 150 companies have six or more total directors on their boards (144 of the 150 companies for which data is available). Of those, only 117—or about 78%—met or exceeded the requirement of having at least three women directors. Six SV 150 companies had boards with five directors. Of those, five met the requirements under SB 826.

Our data, anecdotal experience and media reports suggest that overall, the law had the effect desired by its sponsors.<sup>23</sup> During the 2023 proxy season, SV 150 companies continued to make progress toward meeting the minimum gender diversity requirements under SB 826. The table below shows the percentage of SV 150 companies whose boards as configured for their respective proxy seasons met the

<sup>22</sup> Fenwick covered the new laws and their requirements in more detail in “[New California Law Requires Representation of Women on Public Company Boards](#)” (October 2018) and “[California’s Proposed AB 979 Requires Public Company Boards to Include Racial and Ethnic Diversity](#)” (July 2020).

<sup>23</sup> Public companies approached the search for women board candidates with more urgency following the passage of California’s board diversity statute. However, board diversity efforts dropped in 2022 after the law was found unconstitutional; see, for example, “[Corporate Board Diversity Backslides as Mandate Laws Flounder](#),” Bloomberg (May 22, 2023).

standard applicable to them under SB 826 (based on the number of directors), broken down by subgroup:

	Top 15	Top 50	Mid 50	Bot 50
<b>Met SB 826 Standard – 2023</b>	80%	60%	36%	40%
<b>Met SB 826 Standard – 2022</b>	73.3%	61.2%	28%	38%

### Race, Ethnicity and LGBT

Building on SB 826, California became the first state to require directors from underrepresented communities on corporate boards. AB 979, which Governor Gavin Newsom signed into law in September 2020, requires inclusion of at least one director who “self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or transgender” by the end of 2021, with increased inclusion by the end of 2023 (see table below summarizing the combined requirements of AB 979 and SB 826 by the end of 2022). As with SB 826, not meeting the requirements of AB 979 carries fines in the six figures for each violation, and may negatively impact a company’s brand and reputation.

Nationally, approximately 97% of S&P 500 companies disclose racial/ethnic board data in addition to gender. Within those companies, approximately 15% self-identify as Black/African American, 9% as Hispanic/Latino, 11% as Asian, and 1% as American Indian/Native American, Native Hawaiian/Pacific Islander, or two or more races.<sup>24</sup> Undoubtedly due to efforts such as AB 979 and Nasdaq’s board diversity rules, the number of newly appointed Black directors at S&P 500 companies increased to 26% during 2022 from just 11% in 2018, although the percentage fell to 15% in 2023.<sup>25</sup> Similarly, the percentage of newly appointed Latino and Asian directors increased from 3% and 5% in 2018 to 9% and 11%, respectively, in 2023. However, despite recent increases, progress in racial/ethnic board diversity has not matched the progress seen in gender diversity. In addition, the percentage of Black and Latino directors has

<sup>24</sup> See Spencer Stuart’s “[2023 S&P 500 New Director and Diversity Snapshot](#)” (August 2023).

<sup>25</sup> See Spencer Stuart’s “[2023 S&P 500 New Director and Diversity Snapshot](#)” (August 2023).

# Board Diversity

Continued

typically lagged in the smaller companies represented by the Russell 3000 and the S&P Mid-Cap 400 indices.<sup>26</sup>

Combined Requirements of California Board Diversity Legislation				
Board Size:	4 or fewer	5	6–8	9 or more
Women	1	2	3	3
Underrepresented Community	1	2	2	3

## Legal Challenges

On April 1, 2022, the Superior Court of California, County of Los Angeles, in a case called *Robin Crest, et al. v. Alex Padilla* (No. 20ST-CV-37513) (*Crest v. Padilla II*), ruled that AB 979 violated the California Constitution’s equal protection clause, and expenditures of taxpayer funds or taxpayer-financed resources could not be used to implement or enforce the provisions of AB 979, effectively striking down the law. Similarly, on May 13, 2022, a second California Superior Court decision, *Robin Crest, et al. v. Alex Padilla* (No. 19STCV27561) (*Crest v. Padilla*) ruled SB 826 to be unconstitutional. Furthermore, on May 15, 2023, the U.S. District Court for the Eastern District of California in a case titled *Alliance for Fair Board Recruitment v. Weber* (No. 2:21-CV-01951) ruled that AB 979 constituted unlawful racial discrimination in violation of the Fourteenth Amendment of the U.S. Constitution and Section 1981 of the Civil

<sup>26</sup> See “[Minority Directors Reach Milestone 20% of Russell 3000 Board Seats](#),” Reuters (February 22, 2023).

Rights Act of 1866. The State of California has appealed these rulings, and those appeals are still underway with uncertain timing and outcome.<sup>27</sup>

In federal litigation, in August 2021, the Alliance for Fair Board Recruitment, a conservative activist organization, petitioned the U.S. Court of Appeals for the Fifth Circuit for a review of Nasdaq’s board diversity rules, claiming they violated the First and Fourteenth Amendments of the U.S. Constitution and that the SEC exceeded its statutory authority in approving the rules. In October 2023, a three-judge panel of the Fifth Circuit upheld Nasdaq’s rules, which remain in effect. However, the petitioners have requested an en banc review of the panel’s decision, which may be granted and leaves open the possibility that the rules may be struck down by the court.

Regardless of these legal challenges, the benchmarks established by these regulations are likely to continue to be influential with stakeholders since proxy advisory firms, institutional shareholders, employees, customers and other stakeholders have shown strong support for board diversity and related initiatives, and peer comparisons will be significantly influenced by companies that have complied irrespective of these legal rulings. Accordingly, despite the uncertainty regarding the enforcement status of these regulations, we expect companies to continue to try to meet their diversity goals.

<sup>27</sup> See “[Explainer: California’s Board Diversity Law Struck Down](#),” Reuters (April 5, 2022) and “[California Push to Seat More Women on Boards Ruled Unlawful](#),” Bloomberg (May 16, 2022).

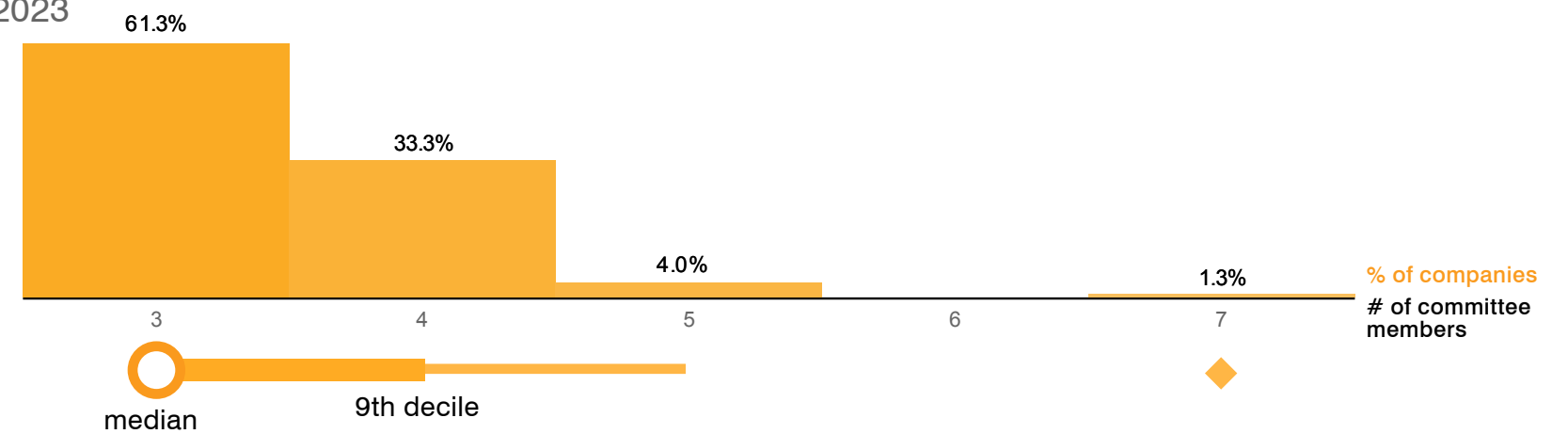
# Audit Committee Size

Audit committees tend to be smaller among the technology and life sciences companies in the SV 150 (average = 3.5 directors) than among S&P 100 companies (average = 4.5 directors).

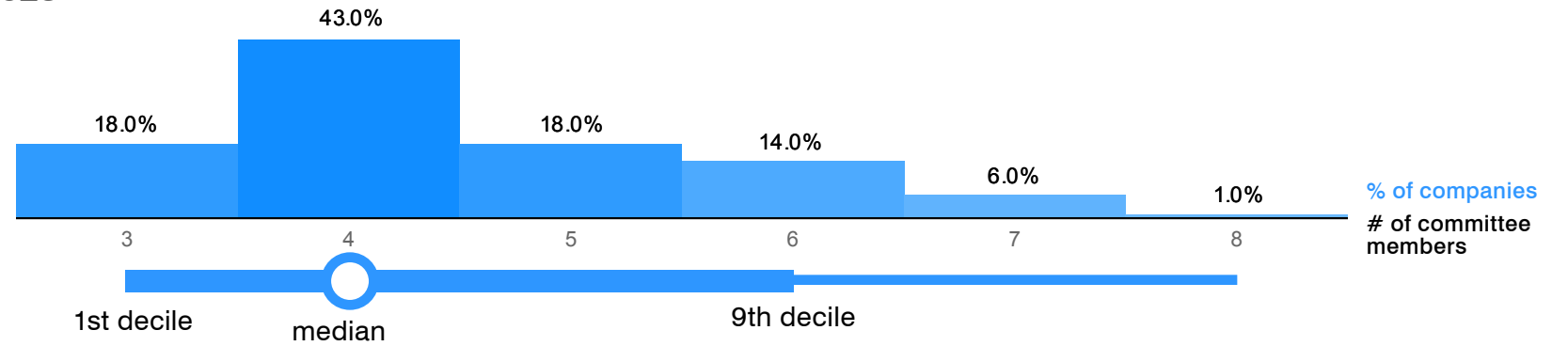
The graphs on this page show the distribution by number of audit committee members among the companies in each group during the 2023 proxy season, as well as the trend over the period from the 2004 through 2023 proxy seasons (showing both the median number and the cutoffs for the deciles with the most and fewest directors).

## AUDIT COMMITTEE SIZE — DISTRIBUTIONS AND TRENDS OVER TIME

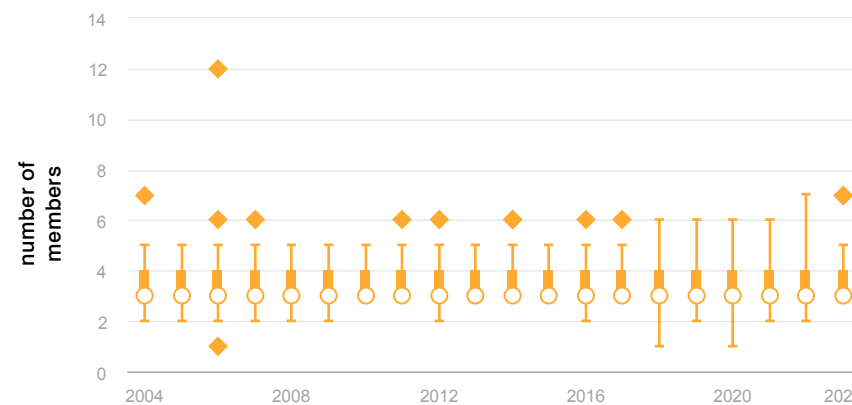
SV 150  
2023



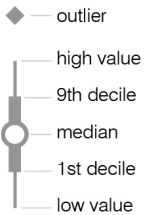
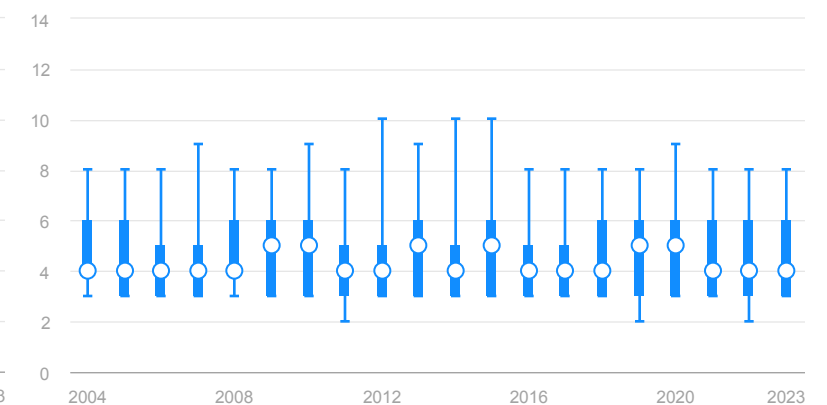
S&P 100  
2023



SV 150



S&P 100

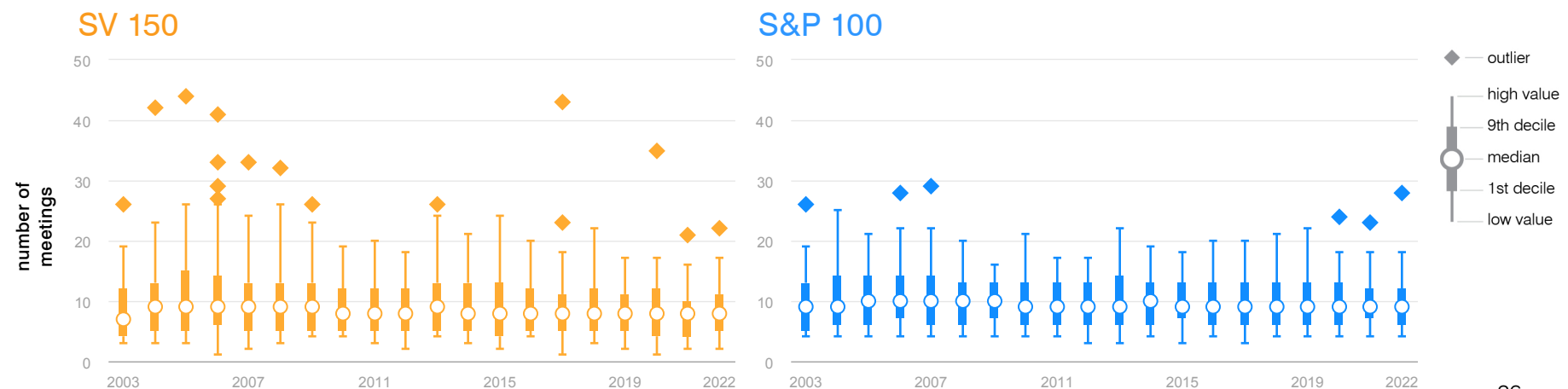
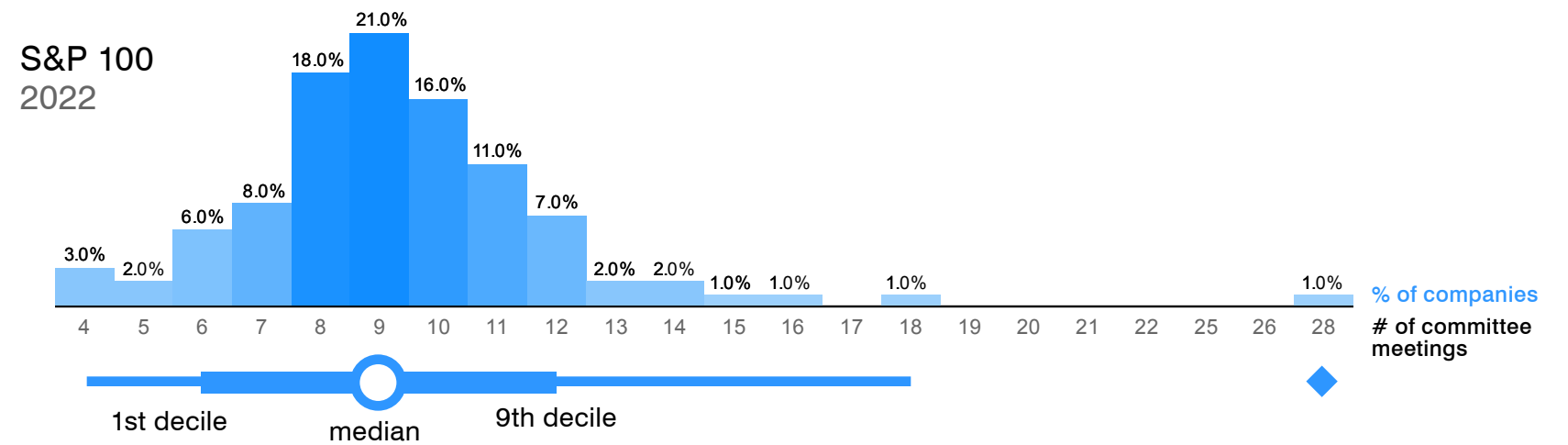
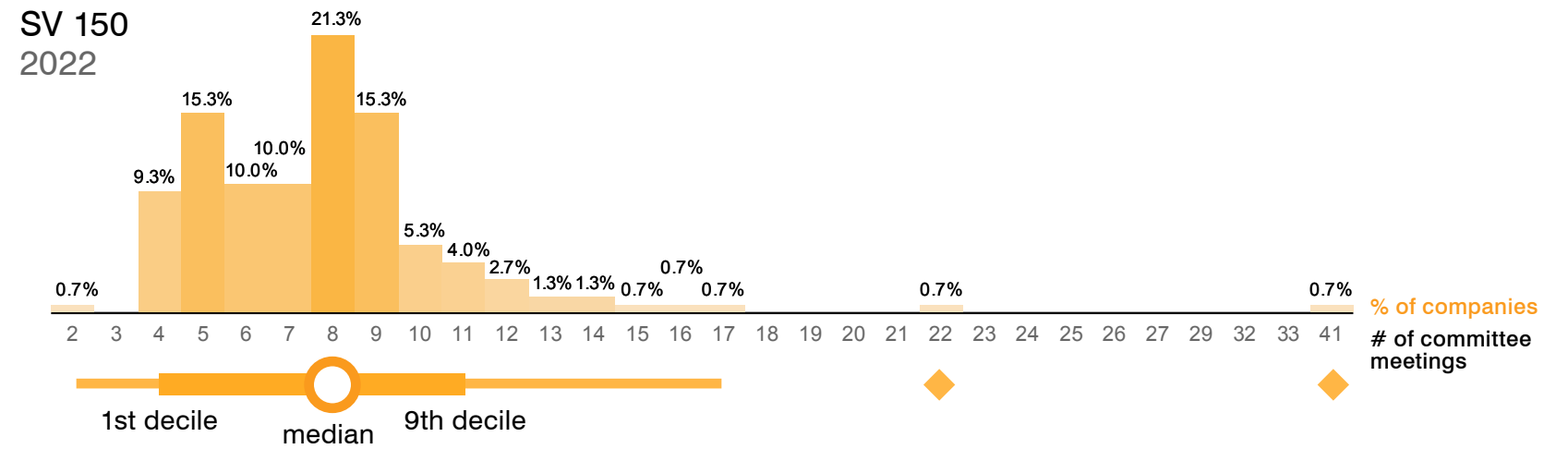


# Audit Committee Meeting Frequency

In both groups, after peaking in 2007, a trend driven largely by a surge of internal investigations (such as for stock option backdating issues), the number of audit committee meetings appears to have stabilized at levels similar to those found in the first year following the adoption of the Sarbanes-Oxley Act of 2002 (SV 150 average = 7.7 meetings; S&P 100 average = 9.4 meetings).

The graphs on this page show the distribution by number of audit committee meetings among the members of each group in fiscal 2022 as reported during the 2023 proxy season, as well as the trend over the period from fiscal years 2003 through 2022 (showing both the median number and the cutoffs for the deciles with the most and fewest meetings), as reported in the 2004 through 2023 proxy seasons.

## NUMBER OF AUDIT COMMITTEE MEETINGS—DISTRIBUTIONS AND TRENDS OVER TIME



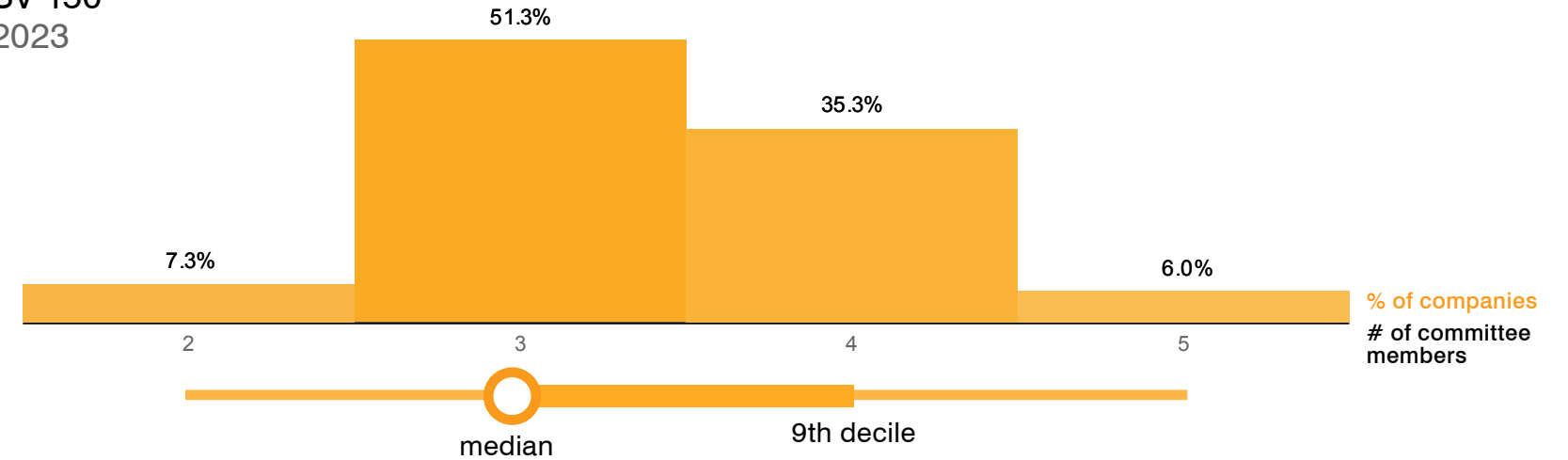
# Compensation Committee Size

Compensation committees tend to be larger among S&P 100 companies (average = 4.4 directors) than among the technology and life sciences companies in the SV 150 (average = 3.3 directors).

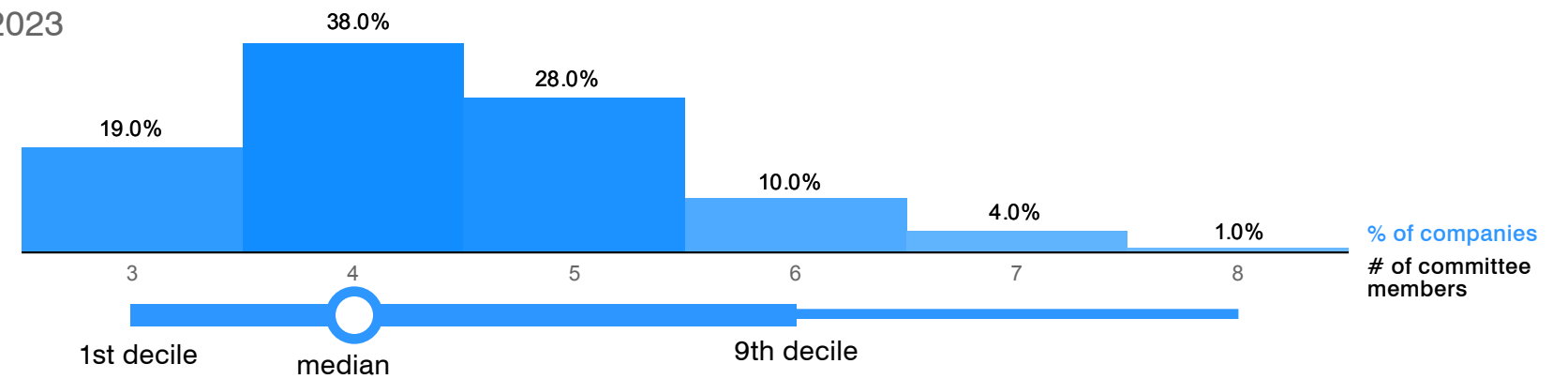
The graphs on this page show the distribution by number of compensation committee members among companies in each group during the 2023 proxy season, as well as the trend over the period from the 2004 through 2023 proxy seasons (showing both the median number and the cutoffs for the deciles with the most and fewest directors).

## COMPENSATION COMMITTEE SIZE — DISTRIBUTIONS AND TRENDS OVER TIME

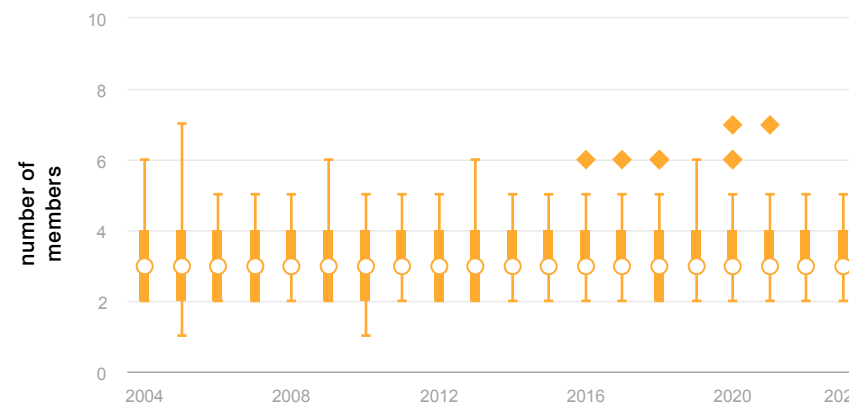
SV 150  
2023



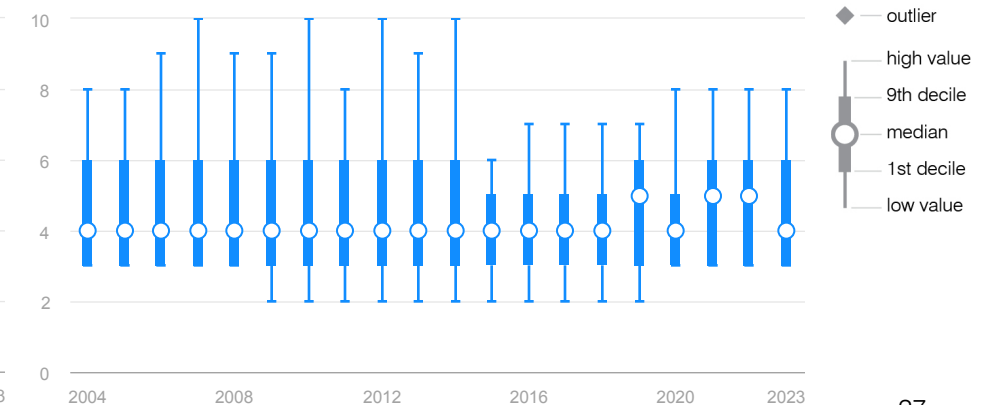
S&P 100  
2023



SV 150



S&P 100



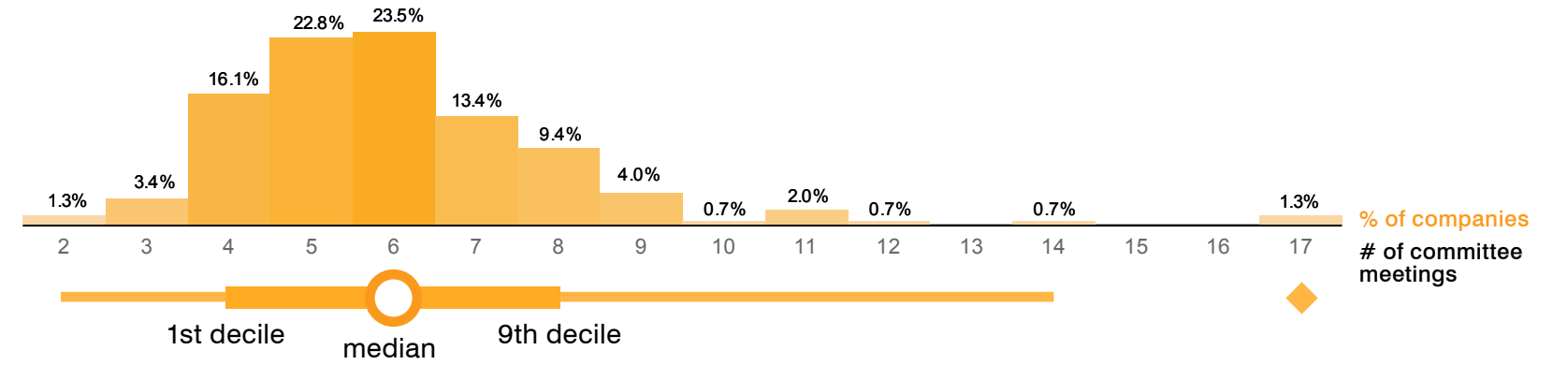
# Compensation Committee Meeting Frequency

In both groups, the increased workload and attention for compensation committees has not led to increased meeting frequency in recent years (S&P 100 average = 6.2 meetings; SV 150 average = 6.1 meetings).

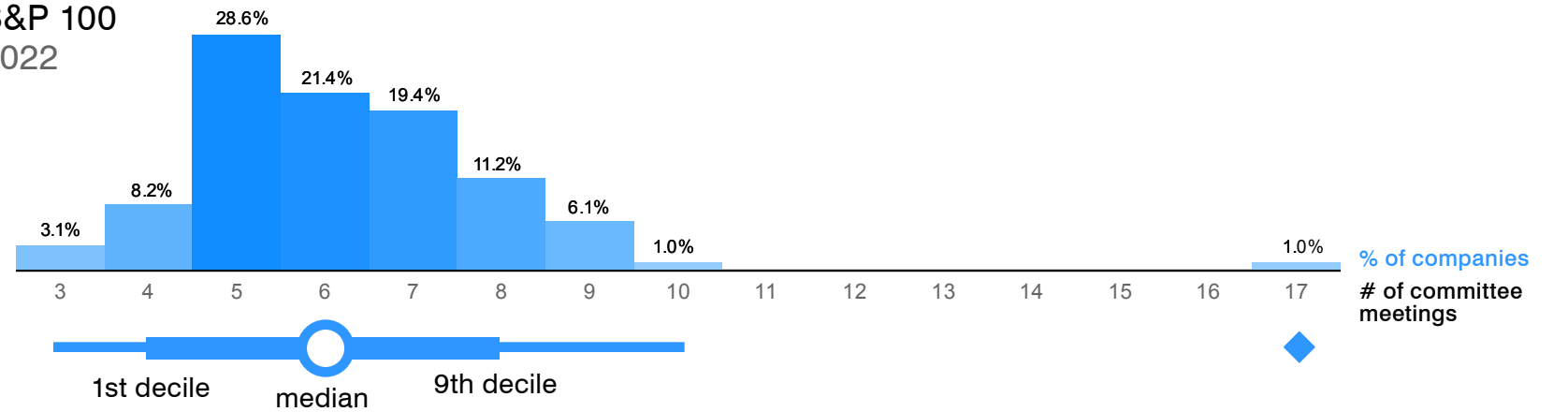
The graphs on this page show the distribution by number of compensation committee meetings among the members of each group in fiscal year 2022 as reported during the 2023 proxy season, as well as the trend over the period from fiscal years 2003 through 2022 (showing both the median number and the cutoffs for the deciles with the most and fewest meetings), as reported in the 2004 through 2023 proxy seasons.

## NUMBER OF COMPENSATION COMMITTEE MEETINGS — DISTRIBUTIONS AND TRENDS OVER TIME

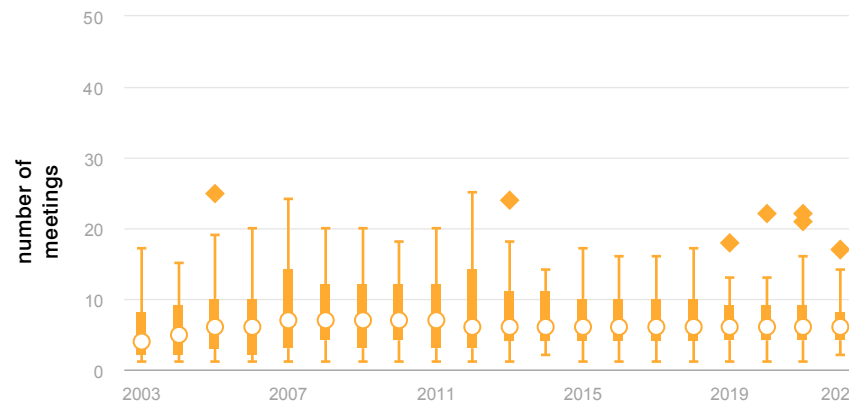
SV 150  
2022



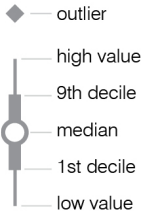
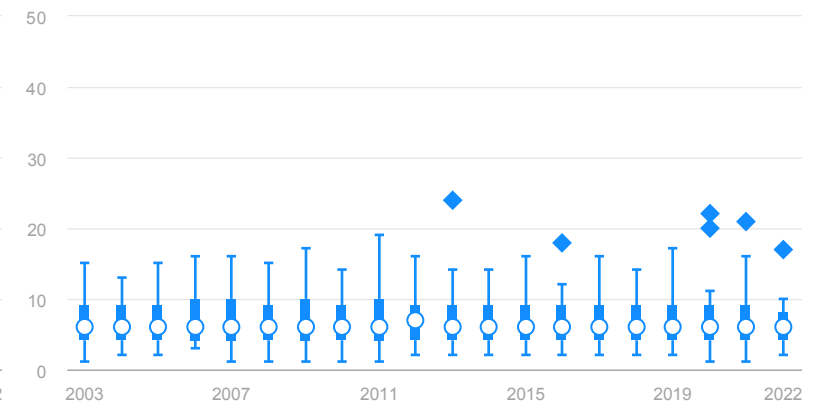
S&P 100  
2022



SV 150



S&P 100



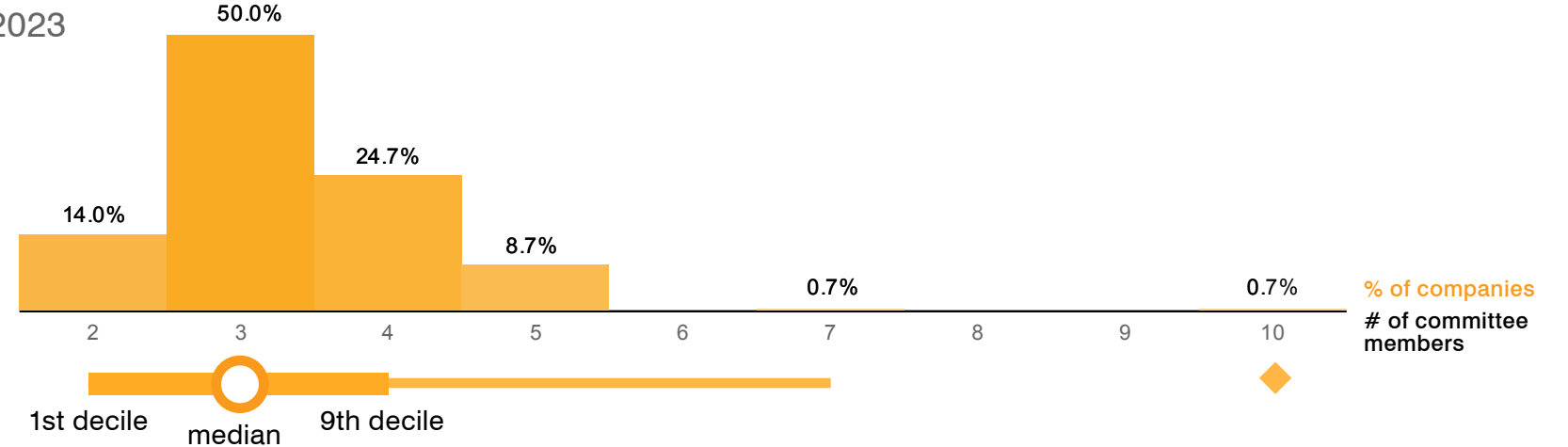
# Nominating Committee Size

Nominating committees tend to be smaller among the technology and life sciences companies in the SV 150 (average = 3.2 directors) than among S&P 100 companies (average = 4.3 directors).

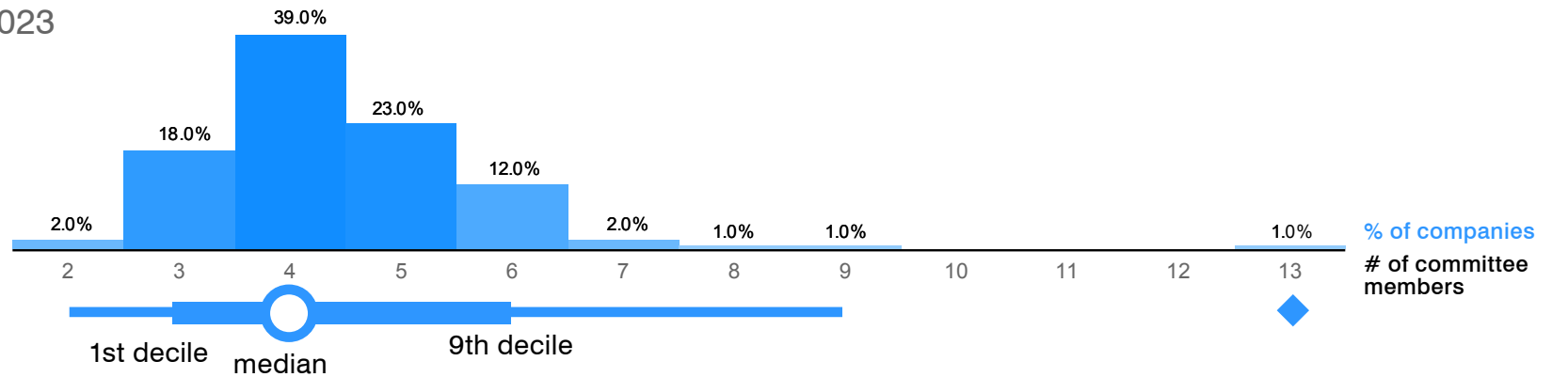
The graphs on this page show the distribution by number of nominating committee members among the companies in each group during the 2023 proxy season, as well as the trend over the period from the 2004 through 2023 proxy seasons (showing both the median number and the cutoffs for the deciles with the most and fewest directors).

## NOMINATING COMMITTEE SIZE — DISTRIBUTIONS AND TRENDS OVER TIME

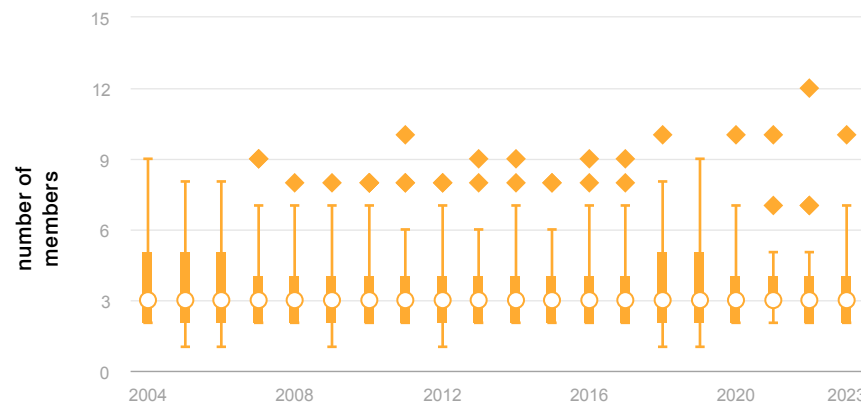
SV 150  
2023



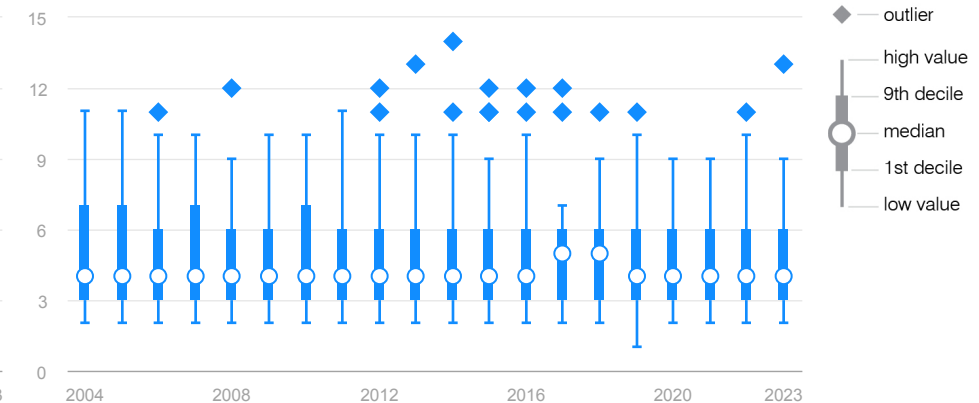
S&P 100  
2023



SV 150



S&P 100

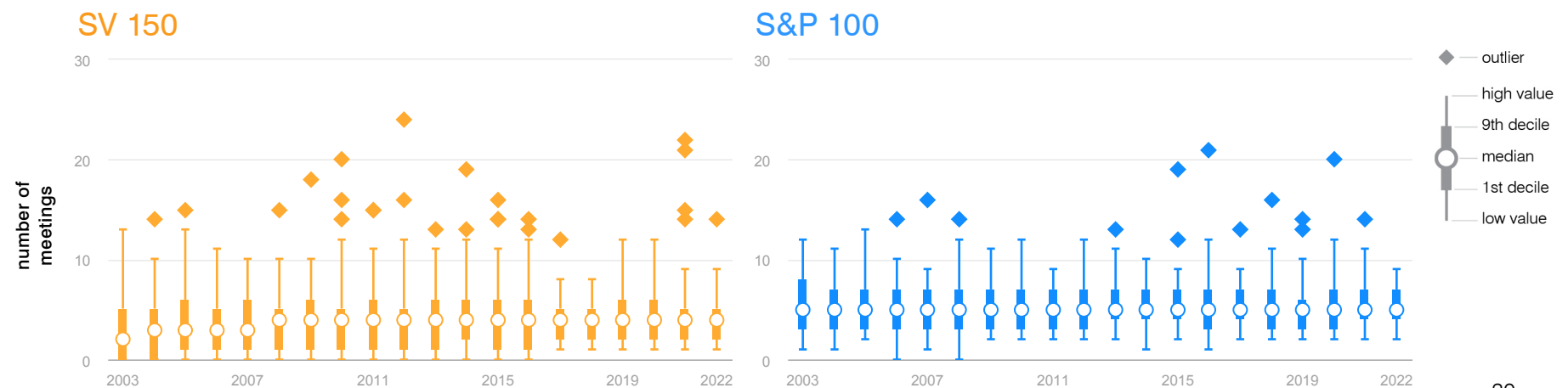
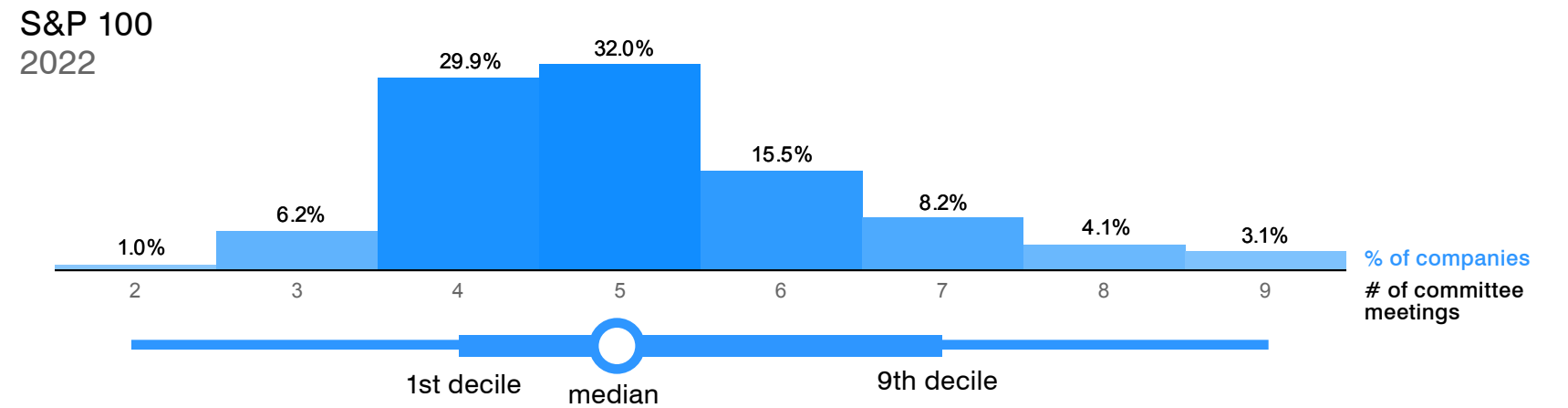
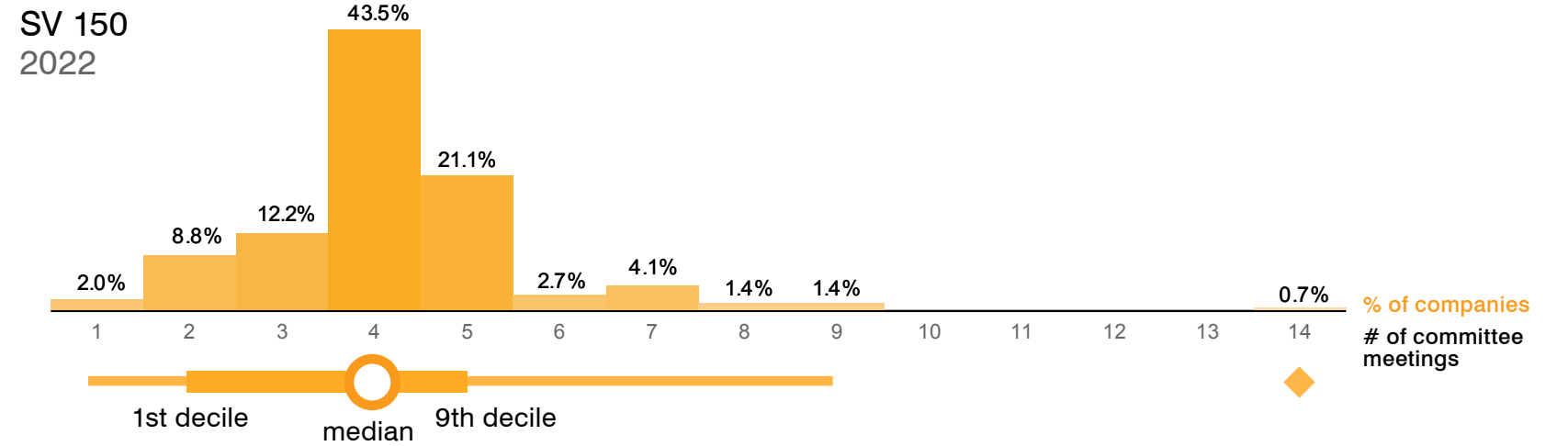


# Nominating Committee Meeting Frequency

In both groups, nominating committees generally hold meetings more frequently over time, though the trend is somewhat more pronounced among the SV 150 companies (SV 150 average = 4.2 meetings; S&P 100 average = 5.1 meetings).

The graphs on this page show the distribution by number of nominating committee meetings among the members of each group in fiscal year 2022 as reported during the 2023 proxy season, as well as the trend over the period from fiscal years 2003 through 2022 (showing both the median number and the cutoffs for the deciles with the most and fewest meetings), as reported in the 2004 through 2023 proxy seasons.

## NUMBER OF NOMINATING COMMITTEE MEETINGS — DISTRIBUTIONS AND TRENDS OVER TIME





# Other Standing Committees

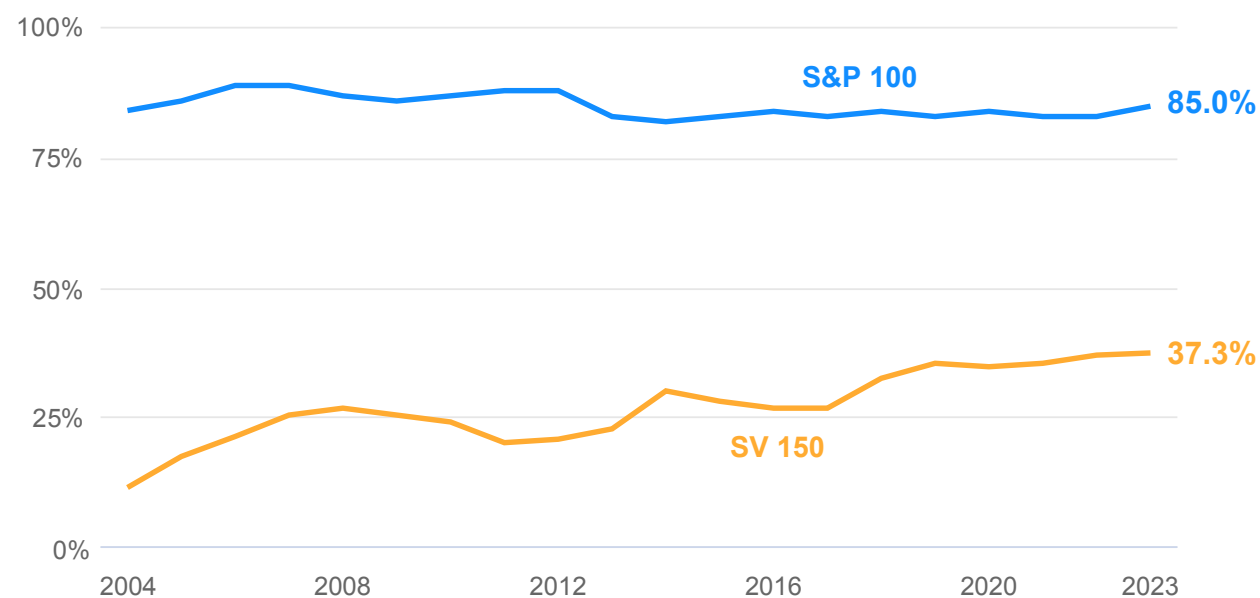
The graphs on this page show, over the period from the 2004 through 2023 proxy seasons, the percentage of all companies in each group with at least one standing committee other than the three primary committees, as well as the same information for the SV 150 broken down by the top 15, top 50, middle 50 and bottom 50 companies.

Standing committees other than the three primary board committees are quite common among S&P 100 companies (85%) and relatively uncommon among the technology and life sciences companies in the SV 150 (37.3%). These committees can serve a wide variety of purposes. For S&P 100 companies with other standing committees, the most common were executive (34.1%), science and technology (15.3%), corporate social responsibility/public policy (14.1%) and finance (10.6%). In the SV 150, the most common standing committees were executive (10.7%), risk (10.7%), mergers and acquisitions (10.7%) and strategy/planning (7.1%).

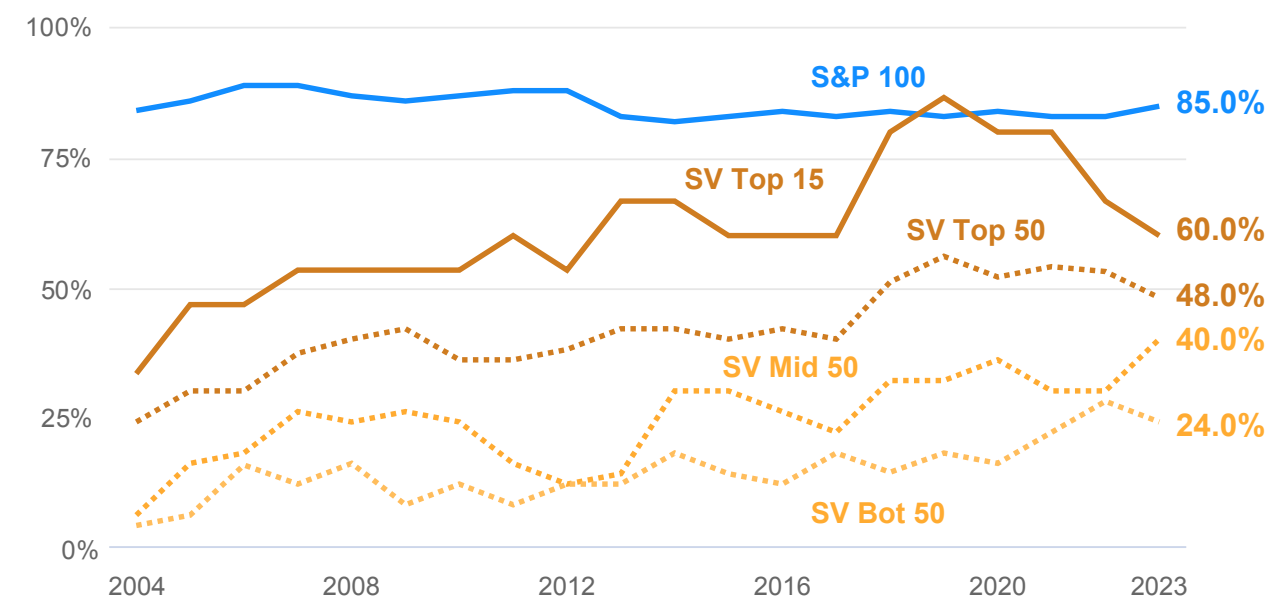
Our data show that, within the SV 150, the rate of formation of other standing committees tracks to a degree with the size of a company (measured by revenue), with approximately 60% and 48% rates among the top 15 and top 50, respectively, and approximately 40% and 24% rates among the middle 50 and bottom 50 in the 2023 proxy season, respectively. This may explain the absence of a separate committee devoted to corporate social responsibility in the SV 150 despite its importance to investors. However, there are clearly other factors contributing to the relative infrequency of other standing committees in Silicon Valley, such as board size and industries with differing business needs and regulatory environments.

## OTHER COMMITTEES — TRENDS OVER TIME

S&P 100 vs. SV 150



SV 150 Breakdown



# Other Standing Committees

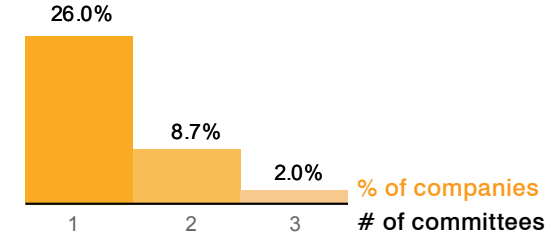
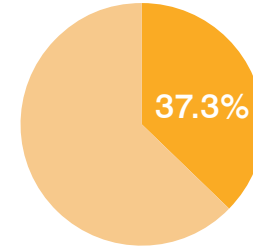
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The graphs on this page show the distribution by number of standing committees other than the three primary board committees (for those that have any such other committees) among the members of each group as well as the trend over the period from the 2004 through 2023 proxy seasons (showing both the median number and the cutoff for the decile with the most such committees).

## OTHER COMMITTEES — DISTRIBUTIONS AND TRENDS OVER TIME

SV 150  
2023

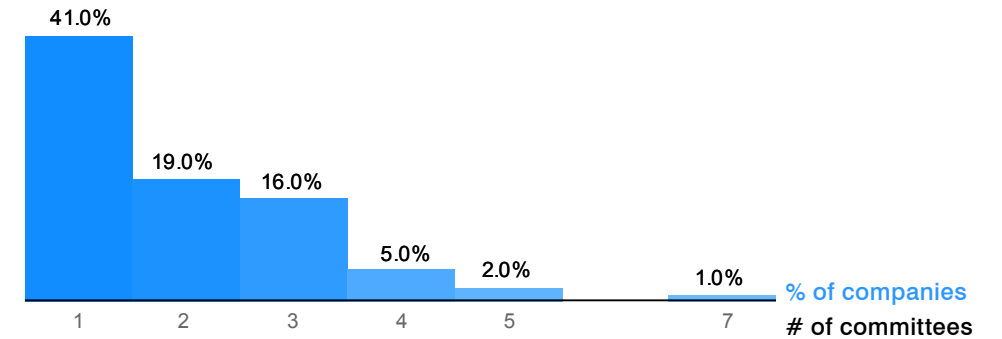
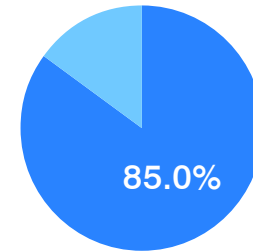
% of companies with at least one other committee



Other committee distribution (% of all companies)

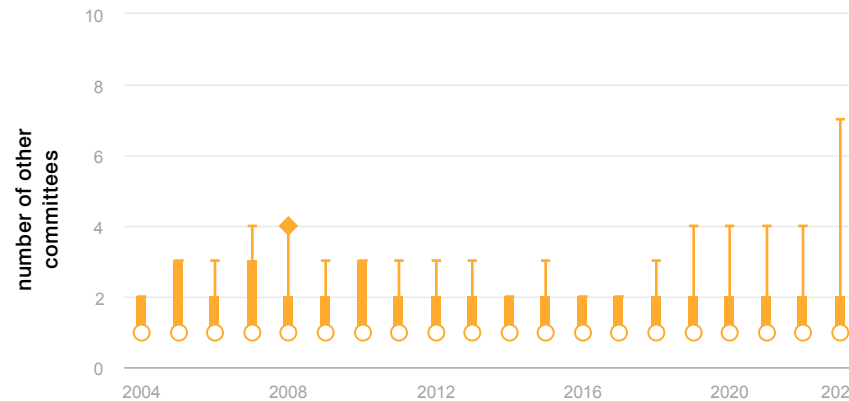
S&P 100  
2023

% of companies with at least one other committee

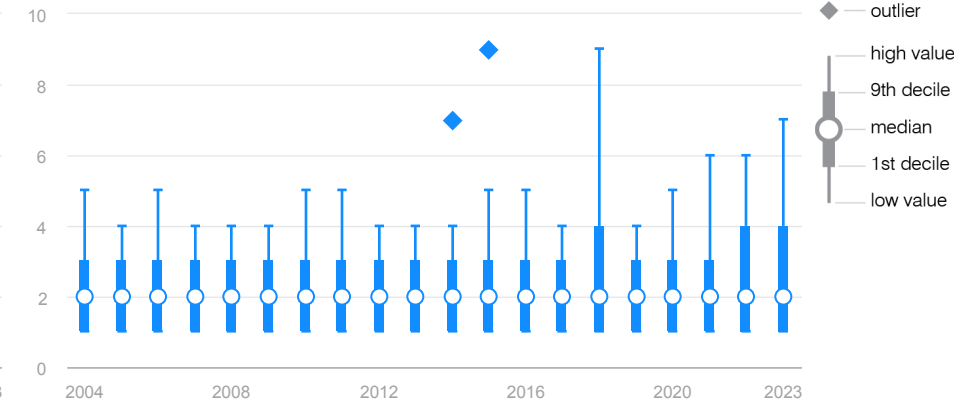


Other committee distribution (% of all companies)

SV 150



S&P 100



# Majority Voting

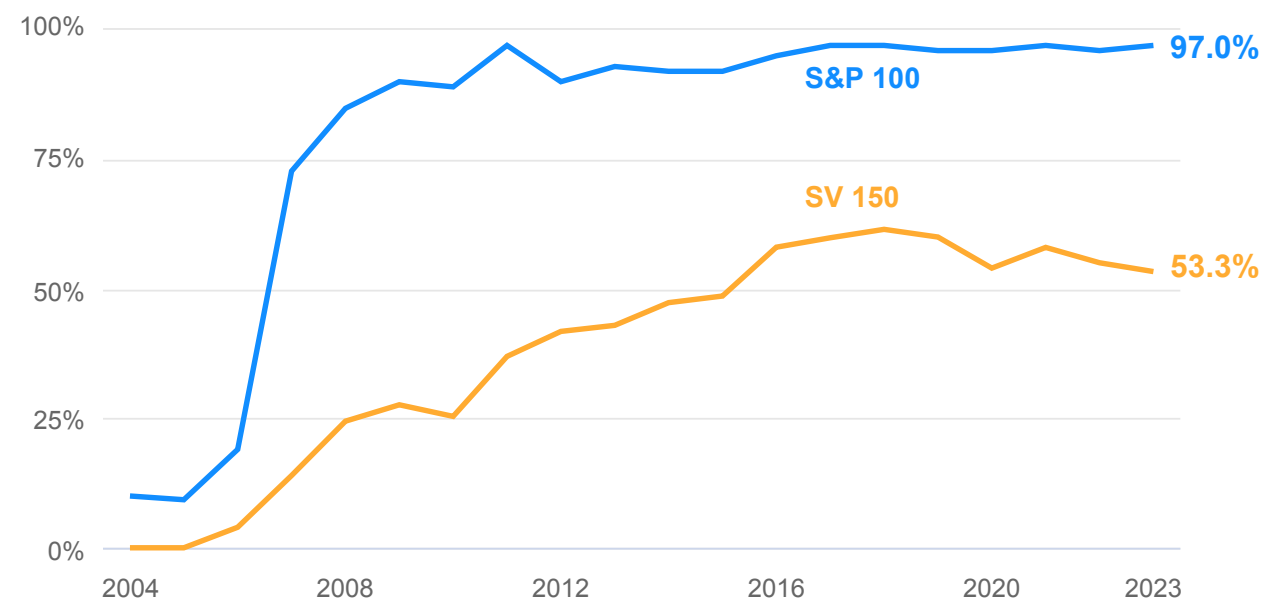
The graphs on this page show, over the period from the 2004 through 2023 proxy seasons, the percentage of all companies in each group with some form of majority voting, as well as the same information for the SV 150 broken down by the top 15, top 50, middle 50 and bottom 50 companies.

The rate of implementation of some form of majority voting has risen substantially over the period of this survey. The increase has been particularly dramatic among the S&P 100 companies, rising from 10% to 97% between the 2004 and 2023 proxy seasons. Among the technology and life sciences companies in the SV 150, the rate has risen from 0% in the 2005 proxy season to 53.3% in the 2023 proxy season (more than doubling from the 2010 proxy season but down from a high of 61.5% in the 2018 proxy season). Our data show that, within the SV 150, the rate of adoption tracks fairly closely with company size (measured by revenue), with an approximately 86.7% rate among the top 15 (more similar to the S&P 100) and an approximately 36% rate among the bottom 50 in the 2023 proxy season.

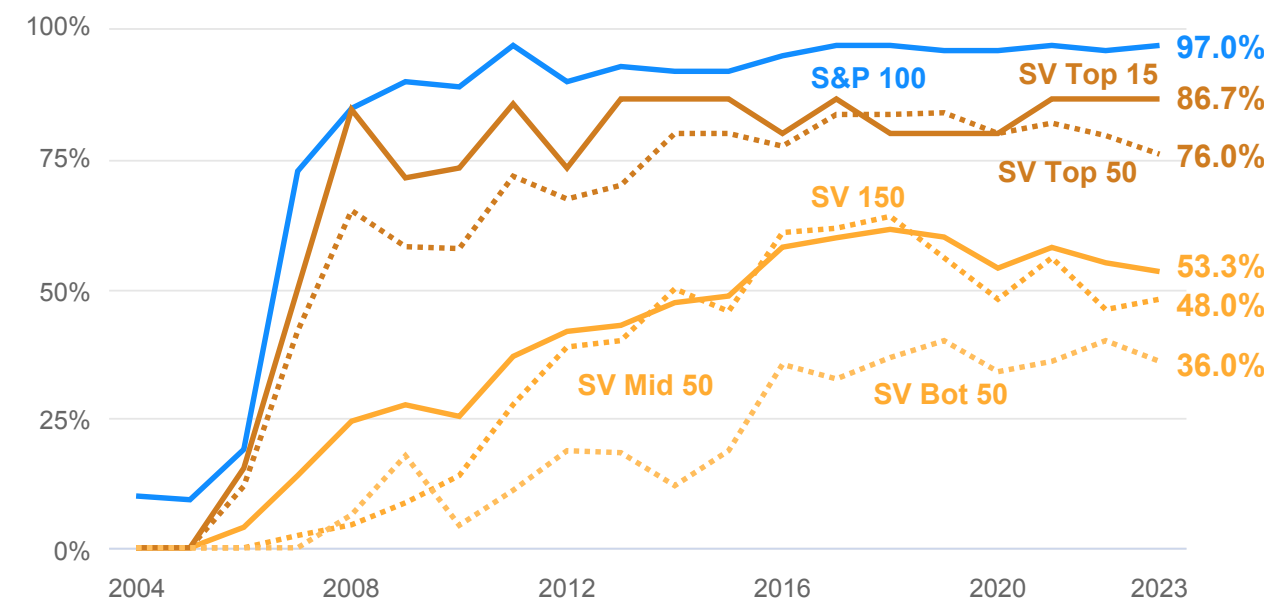
Overall, the data shows 46.7% of the SV 150 (and 3% of the S&P 100) had simple plurality voting, 42% of the SV 150 (and 82% of the S&P 100) had the “traditional” (rejectable resignation) style majority voting, 8% had “plurality plus” (compared to 4% of the S&P 100) and .7% had “consequential” (compared to 5% in the S&P 100).<sup>28</sup>

## MAJORITY VOTING — TRENDS OVER TIME

S&P 100 vs. SV 150



SV 150 Breakdown



<sup>28</sup> See “Methodology—Majority Voting” section below for a discussion of the types of majority voting provisions and how they are counted for this survey.

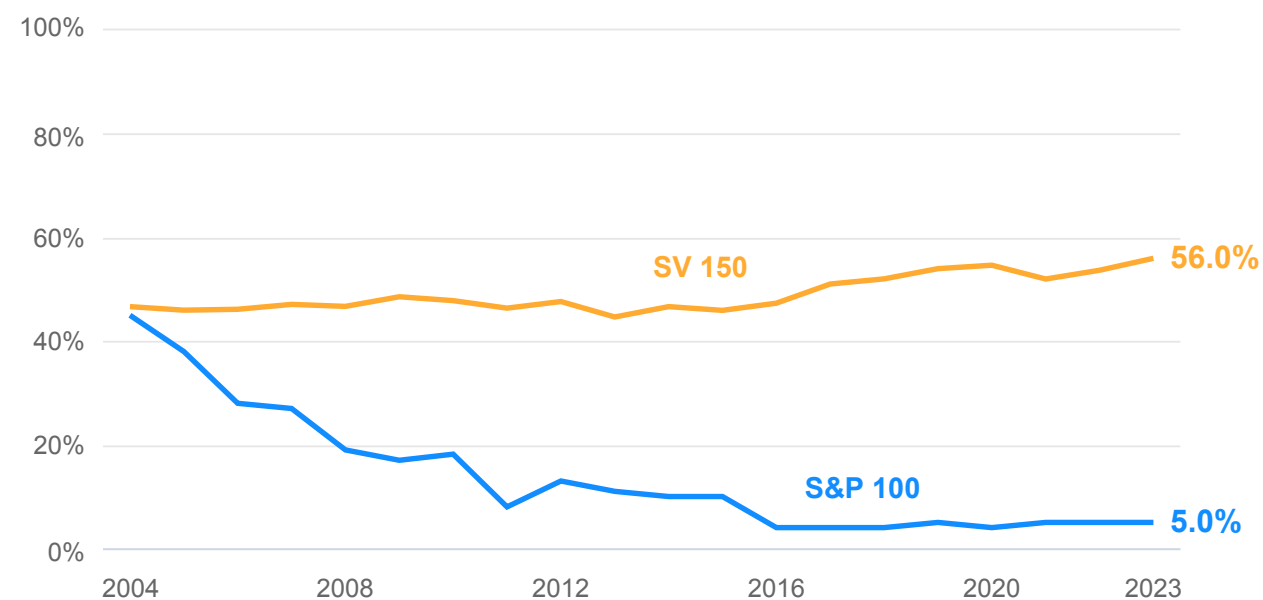
# Classified Board

The graphs on this page show, over the period from the 2004 through 2023 proxy seasons, the percentage of all companies in each group with a classified board, as well as the same information for the SV 150 broken down by the top 15, top 50, middle 50 and bottom 50 companies.

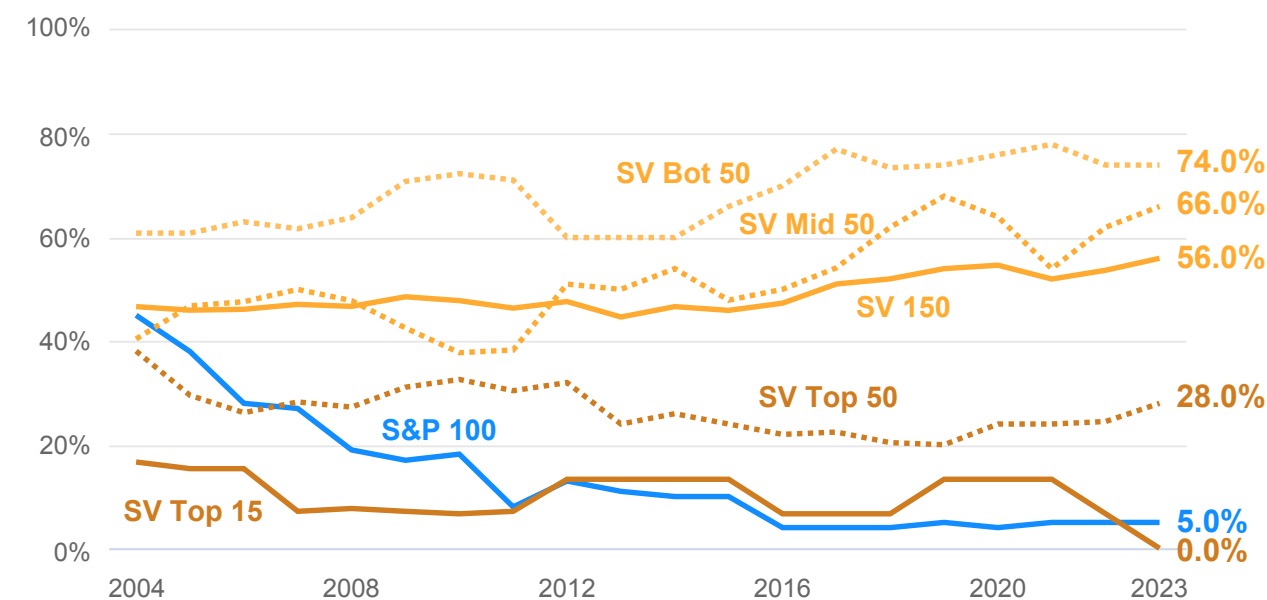
Classified boards are now significantly more common among the technology and life sciences companies in the SV 150 than among the S&P 100 companies, though that has not always been the case. This graph illustrates that declassifying boards has been a trend among the largest public companies, but not among Silicon Valley companies. At the beginning of the survey period, both groups had similar rates of classified boards. But, while the frequency among the S&P 100 declined dramatically during the period of the survey, the rate has held fairly steady among the technology and life sciences companies in the SV 150. Our data show that, within the SV 150, the rate among the top 15 companies has fluctuated in recent years, dropping to zero in the 2023 proxy season. Meanwhile, the rate among the bottom 50 companies reached a high of 78% in the 2021 proxy season but declined slightly to 74% in the 2022 and 2023 proxy seasons. To a major extent, this reflects the reality that one of the principal reasons for classification, as a takeover defense, is less compelling for some larger companies due to the sheer size of the companies and relative dispersion of their stockholdings.

## CLASSIFIED BOARD—TRENDS OVER TIME

S&P 100 vs. SV 150



SV 150 Breakdown



# Dual-Class Voting Stock Structure

Historically, companies have used dual-class voting structures to give company founders more control over their companies through their ownership of a class of shares with greater voting rights than the shares held by public stockholders. These dual-class voting stock structures provide management teams with the ability to implement their strategies over the long term without the threat of takeovers or pressure from other stockholders to achieve short-term gains.<sup>29</sup>

Adoption of dual-class voting stock structures has continued its more than decade-long upward trend among Silicon Valley technology companies, reaching 29.3% of companies in the SV 150 in the 2023 proxy season. Historically, dual-class voting stock structures were significantly more common among S&P 100 companies than among the technology and life sciences companies in the SV 150, though the frequency in the SV 150 has surpassed that in the S&P 100 since 2015. Other than the recent overall trend in the SV 150, the variation in the percentage of each group over time is primarily a function of changes in the constituents of each group. Within the SV 150, our data suggests that since 2018 there has been a steady increase in dual-class voting structures. That has been a function of companies such as Alphabet (Google),

<sup>29</sup> See "[More U.S. Tech Companies are Adopting Unequal Dual-Class Voting Structures](#)," *Visual Capitalist* (April 15, 2023).

Meta (Facebook), Block (formerly Square), Airbnb, DoorDash, Lyft, Twilio, Zoom Video Communications, and Coinbase joining the SV 150 with dual-class structures. From 2018 through 2022, 42% of technology companies that went public had a dual-class voting stock structure in place.<sup>30</sup> Many executives and investors in technology companies believe that the trend of dual-class technology companies seeking to become public will continue in the future.<sup>31</sup> Accordingly, one can anticipate that as some of these companies enter the SV 150 there will be a corresponding increase in the number of SV 150 companies with dual-class voting stock in the next several years. The percentage of SV 150 companies with both a dual-class structure and classified board decreased from approximately 72% in 2022 to 63% in 2023.

<sup>30</sup> See Fenwick's report "[Navigating Uncertain Times: IPO Insights for Late-Stage Technology and Life Sciences Companies](#)" (March 9, 2023).

<sup>31</sup> See Fenwick's report "[Fenwick's Going Public Report: IPOS, SPACs and Direct Listings Facing Headwinds in 2022 After Record Year](#)" (March 30, 2022).

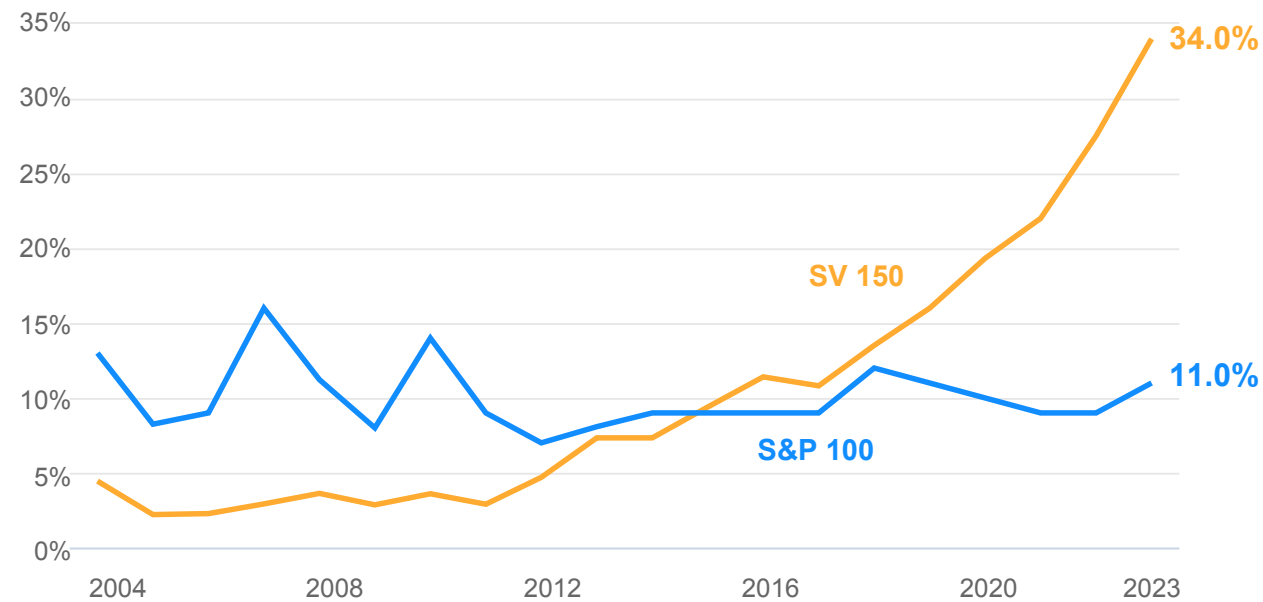
# Dual-Class Voting Stock Structure

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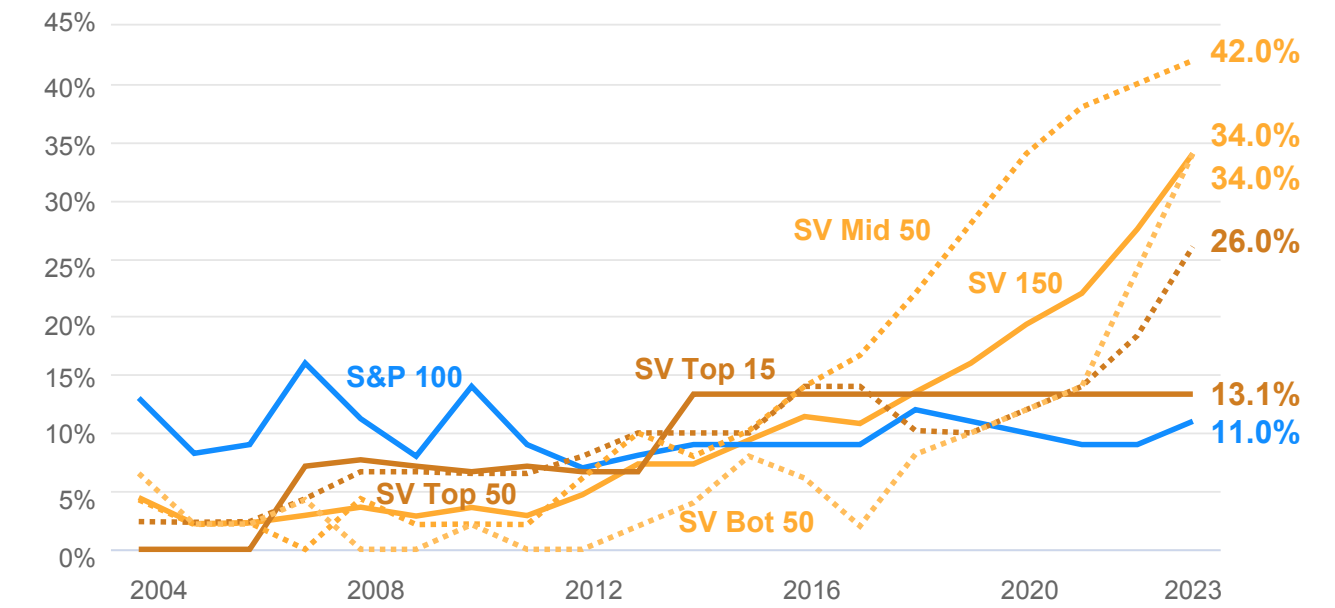
The graphs on this page show, over the period from the 2004 through 2023 proxy seasons, the percentage of all companies in each group with a dual-class voting stock structure, as well as the same information for the SV 150 broken down by the top 15, top 50, middle 50 and bottom 50 companies.

## DUAL-CLASS STRUCTURE—TRENDS OVER TIME

S&P 100 vs. SV 150



SV 150 Breakdown



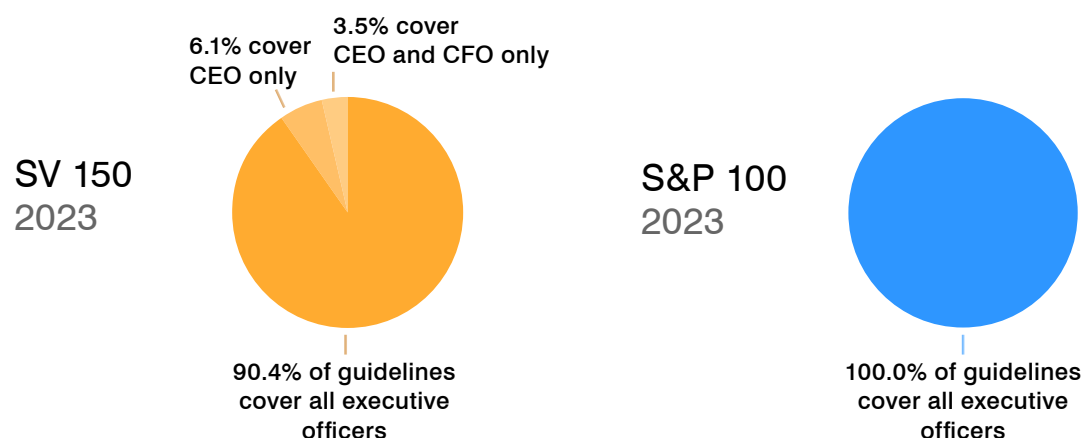
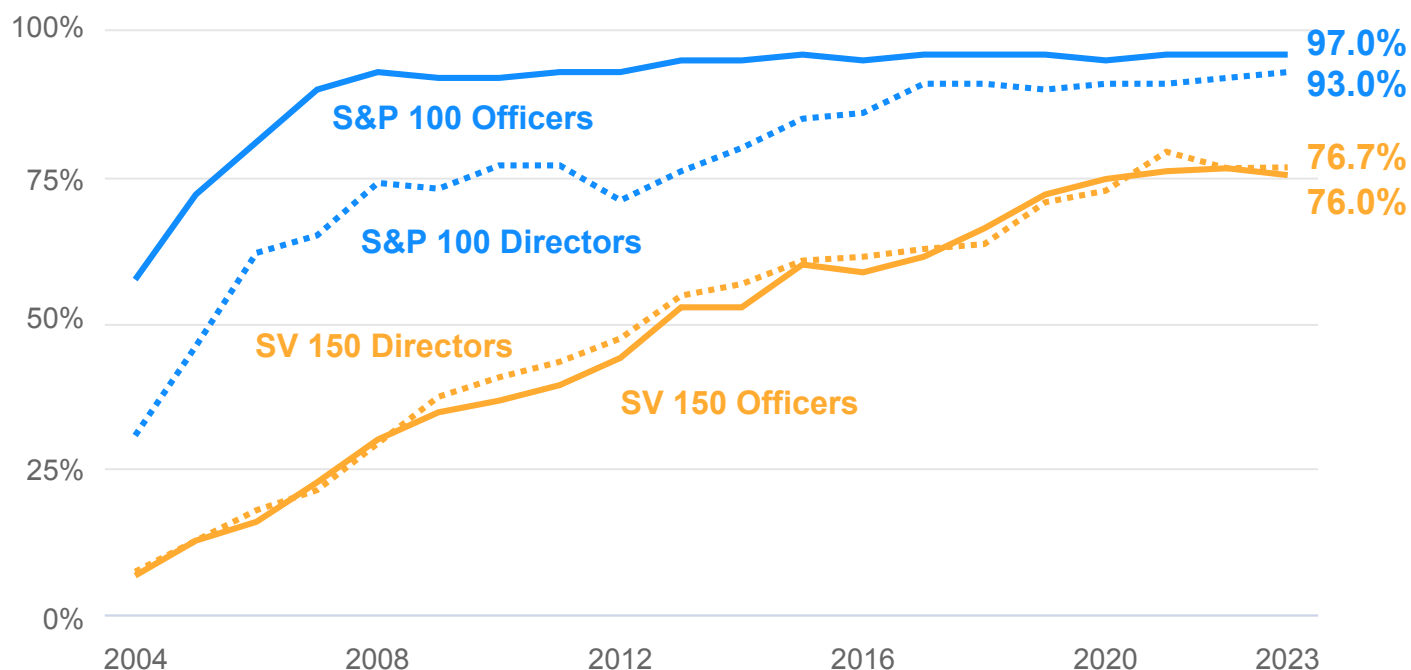
# Stock Ownership Guidelines

Alignment of executive officer and director economic interests with those of stockholders in the form of requirements that executive officers and directors hold specified amounts of a company's stock has been on the rise during the period of the survey. Generally, the prevalence of stock ownership guidelines has increased over time in both groups, but with the SV 150 in 2015 initially surpassing the level of the S&P 100 for executive stock ownership guidelines at the start of the period covered by the survey. Further, our data shows that, within the SV 150, the rate of executive stock ownership guidelines among the top 15 and top 50 companies has risen at a rate generally comparable to that of the S&P 100, while the rate among the bottom 50 companies has declined in recent years. Such policies are still implemented at only 84% of the middle 50 and at about 56% of bottom 50 companies. In contrast, while the rate of stock ownership guidelines for directors in the top 50 has been relatively steady over the last several years, it increased significantly during the 2023 proxy season in the middle 50 (from 72% to 82%) and decreased in the bottom 50 (from 66% to 54%).

We believe these differences are primarily a function of entrepreneurial ownership and the general culture of equity compensation in Silicon Valley, where insiders typically own larger stakes in their companies (particularly so at newly public companies) and boards feel less need to establish guidelines to encourage alignment of interests (or for stockholder relations).<sup>32</sup>

The graph on this page shows the percentage of all companies in the S&P 100 and the SV 150 with stock ownership guidelines for executive officers over the survey period and the coverage of those guidelines for each group in the 2023 proxy season, as well as the percentage of each group with stock ownership guidelines for directors over the same period.

## STOCK OWNERSHIP GUIDELINES—EXECUTIVE OFFICERS AND DIRECTORS



<sup>32</sup> For example, our data shows that equity ownership of executive officers and directors among the bottom 50 companies in the SV 150 ranges over time from roughly five to 20 times that of executive officers and directors at S&P 100 companies (also depending on whether one is comparing averages or medians). See the data regarding the actual equity and voting ownership of executive officers and directors for each group on pages 4-7.

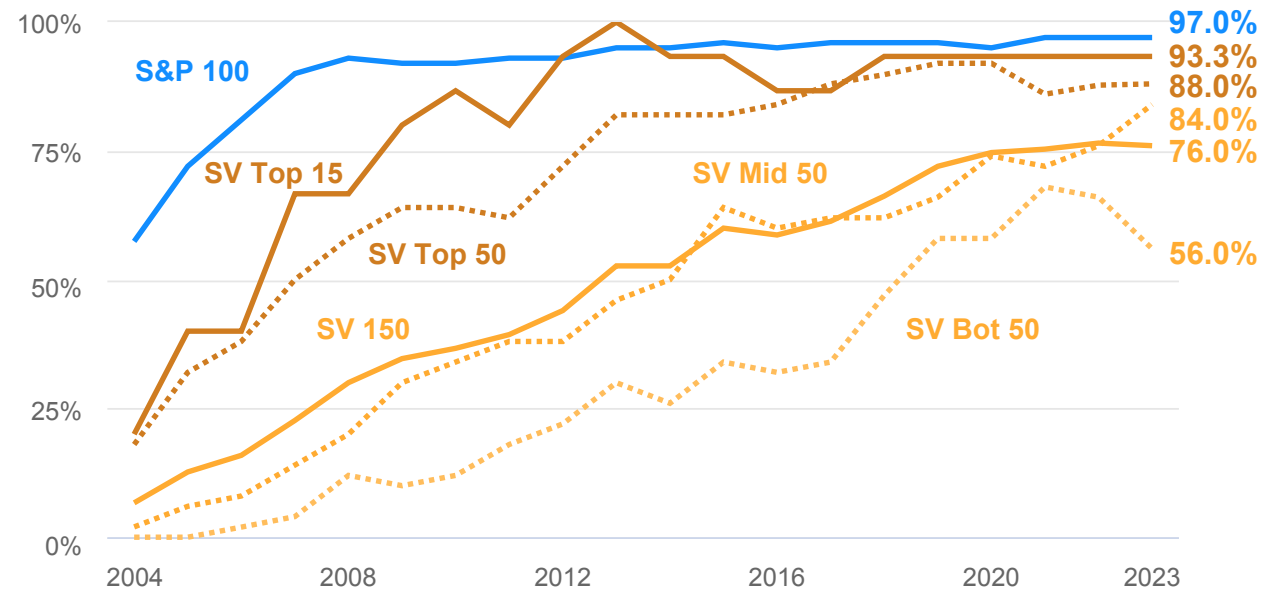
# Stock Ownership Guidelines

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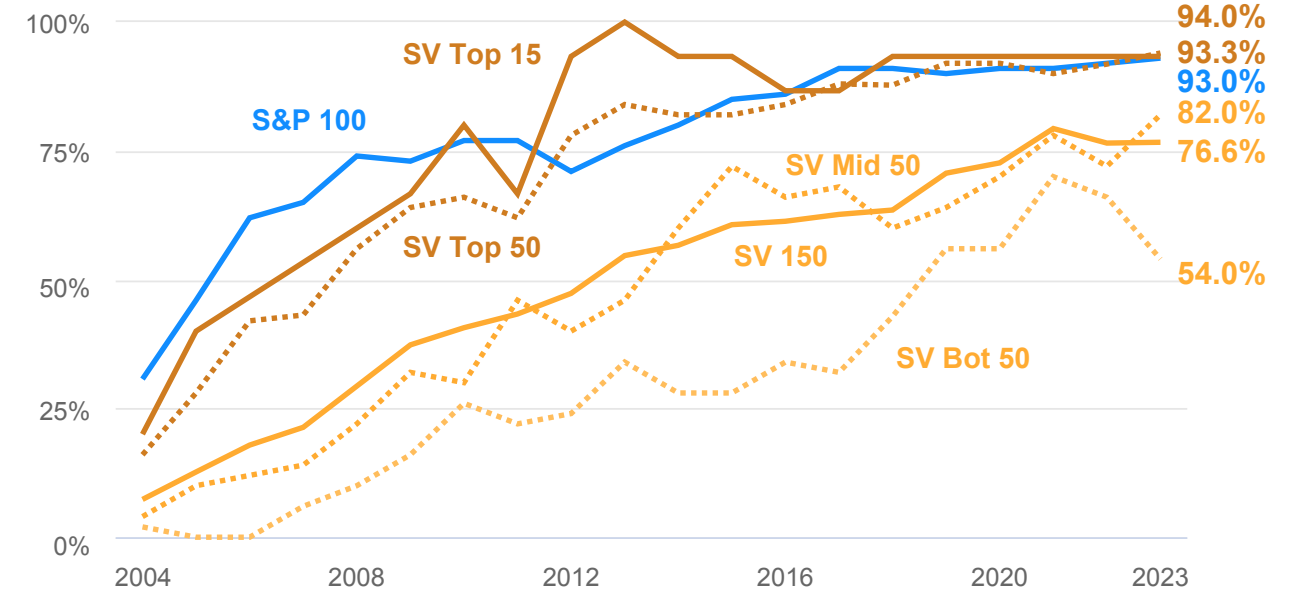
The graphs on this page show, over the period from the 2004 through 2023 proxy seasons, the percentage of all companies in the S&P 100 and the SV 150 with stock ownership guidelines for executive officers and directors, separately, and for the SV 150 broken down by the top 15, top 50, middle 50 and bottom 50 companies.

## STOCK OWNERSHIP GUIDELINES—EXECUTIVE OFFICERS AND DIRECTORS (SV 150 BREAKDOWN)

SV 150 Breakdown — Executive Officers



SV 150 Breakdown — Directors





# Stock Ownership Guidelines

Continued

## Minimum Holding Amount Requirements for Executives

Among the 114 SV 150 companies with stock ownership guidelines for executive officers, all but one disclosed the terms of their guidelines (either in their proxy statement or via reference to their website). Of those, three companies specified the requirement based simply on a fixed number of shares or a fixed minimum value of shares that must be held, while 110 companies instead specified the requirement based on a multiple of base salary. Of the companies using a multiple, five companies specified 1–2x, 35 specified 3–4x, 31 specified 5x, 30 specified 6x, eight specified 7–10x and one company specified more than 10x of base salary for the CEO.<sup>33</sup> In addition, 88 companies specified a grace period of five years to reach the minimum, 15 companies specified a grace period that ranged from two years to 50 months, and one company specified a grace period of six years (while the remaining companies did not specify a grace period).<sup>34</sup> Thirty-seven companies stated that they require a minimum retention level pending achievement of the identified target (either during the grace period or simply until the minimum retention level is met), of which eight companies required between 91–100%, two required 71–90%, 21 required 41–50%, three required 21–30%, two required 11–20% and one required 0–10% retention (generally as a percentage of “net shares” or a similar concept).<sup>35</sup> Of those companies with stock ownership guidelines that specified which equity holdings are counted toward meeting the minimum requirement:

<sup>33</sup> Among the 14 companies in the top 15 of the SV 150 with stock ownership guidelines for executives, two companies specified the requirement based on a fixed number of shares or a fixed minimum value of shares that must be held, while 11 companies instead specified the requirement based on a multiple of salary and one specified other terms. Of the companies using a multiple, one company specified 1–2x, one specified 3–4x, six specified 6x and four companies specified 7–10x of base salary for the CEO.

<sup>34</sup> In the top 15, 11 companies had a five-year grace period to reach the minimum and three did not specify a grace period.

<sup>35</sup> “Net shares” or a similar concept generally means the shares that remain after shares are sold or withheld to pay any applicable exercise price or satisfy withholding tax obligations in connection with the exercise, vesting, settlement or payment of an equity award. In the top 15, one company specified in its proxy statement disclosure that it required a minimum 25% retention level pending achievement of the stated target and two companies specified a 91–100% retention level.

- 63 companies discussed time-based stock options, of which 44 excluded them, 17 included only vested options and two included both vested and unvested options—generally only the “in-the-money” value of such options was counted where such options were included (or the company was silent on the subject);<sup>36</sup>
- 29 companies discussed performance-based stock options, all of which included only vested options;<sup>37</sup>
- 47 companies discussed time-based RSUs, of which 20 excluded them, 20 included only vested RSUs and seven included both vested and unvested RSUs;<sup>38</sup>
- 29 companies discussed performance-based RSUs, all of which excluded them;<sup>39</sup>
- 18 companies discussed restricted shares, of which five excluded them, nine included only vested shares and four included both vested and unvested shares;<sup>40</sup>
- 13 companies expressly included shares in 401(k) plans;<sup>41</sup> and
- Nine companies expressly included shares subject to purchase via contributions to the company’s employee stock purchase plan (ESPP).<sup>42</sup>

All of the 97 S&P 100 companies with stock ownership guidelines for executive officers disclosed the terms of their guidelines (either in their proxy statement or via reference to their website). Of those, eight companies specified the requirement based simply on a

<sup>36</sup> Of the seven companies in the top 15 of the SV 150 that specified which equity holdings are counted toward meeting the minimum, all seven discussed time-based stock options and excluded them.

<sup>37</sup> In the top 15, one company discussed performance-based stock options.

<sup>38</sup> In the top 15, of the four companies that discussed time-based RSUs, two of them counted vested shares toward the minimum holding requirement and two of them included both vested and unvested options.

<sup>39</sup> In the top 15, all of the four companies that discussed performance-based RSUs, counted vested shares toward the minimum holding requirement when measuring holdings.

<sup>40</sup> In the top 15, of the three companies that discussed restricted shares, two of them excluded shares and one included vested shares only when measuring holdings.

<sup>41</sup> In the top 15, two companies expressly included shares in 401(k) plans.

<sup>42</sup> In the top 15, no company expressly included shares subject to purchase via contributions to the company’s ESPP.

# Stock Ownership Guidelines

## Continued

fixed number of shares or a fixed minimum value of shares that must be held, while 88 companies instead specified the requirement based on a multiple of base salary (one company had no minimum holding amount and instead simply required holding a portion of equity awarded as compensation during such executive's tenure).<sup>43</sup> Of the companies using a multiple, three specified 3–4x, seven companies specified 5x, 41 companies specified 6x, 29 specified 7–10x and six specified more than 10x of base salary for the CEO. In addition, 66 companies specified a grace period of five years to reach the minimum, three companies specified a grace period of two years to 50 months, and two specified a six-year grace period (while the remaining companies did not specify a grace period). Sixty-six companies stated that they required a minimum retention level pending achievement of the identified target (either during the grace period or simply until the minimum retention level is met), of which 28 companies required between 91–100%, nine required 61–80%, 24 required 41–50%, one required 31–40% and three required 21–30% retention (generally as a percentage of “net shares” or a similar concept). Of those companies with stock ownership guidelines that specified which equity holdings are counted toward meeting the minimum:

- 63 companies discussed time-based stock options, of which 44 excluded them, 17 included only vested options and two included both vested and unvested—generally only the “in-the-money” value of such options was counted where such options were included (or the company was silent on the subject);
- 29 companies discussed performance-based stock options, of which none excluded them—generally only the “in-the-money” value of such options was counted where such options were included (or the company was silent on the subject);

- 47 companies discussed time-based RSUs, of which 20 excluded them, 20 included only vested RSUs and seven included both vested and unvested RSUs;
- 29 companies discussed performance-based RSUs, of which all excluded them;
- 18 companies discussed restricted shares, of which five excluded them, nine included only vested shares and four included both vested and unvested;
- 13 companies expressly included shares in 401(k) plans; and
- Nine companies expressly included shares subject to purchase via contributions to the company's employee stock purchase plan (ESPP).

<sup>43</sup> One company required retention of 75% of net shares.

# Stock Ownership Guidelines

Continued

## Minimum Holding Amount Requirements for Executives *(continued)*

The graphs on this page show for each group the percentage of companies with stock ownership guidelines for executive officers, the type of target for minimum holding amount requirements and, where the target is a multiple of base salary, the multiple applicable to the chief executive officer (CEO), as well as any grace period to achieve the target and any minimum retention level required pending achievement of the target.

### STOCK OWNERSHIP GUIDELINES FOR EXECUTIVES—2023 PROXY SEASON

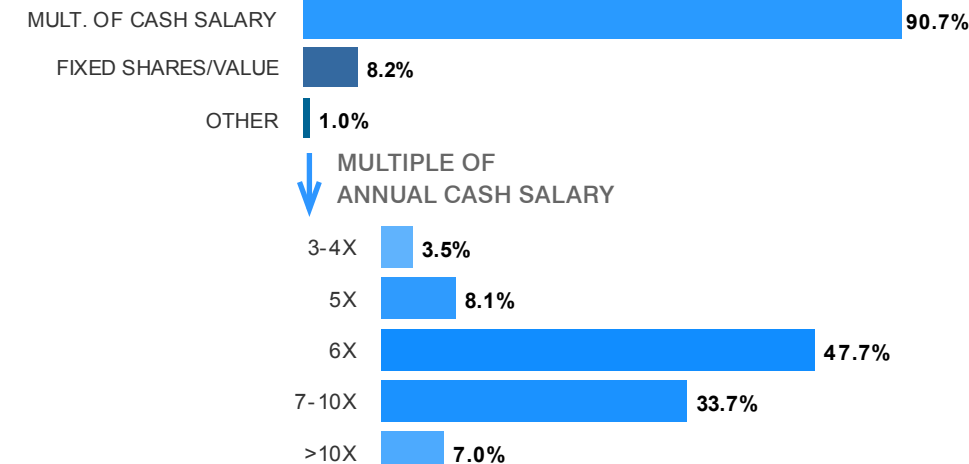
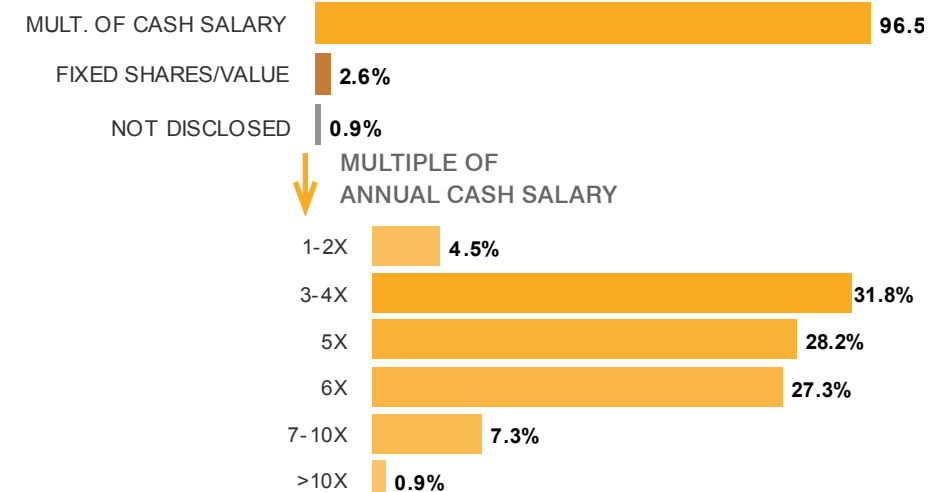
**SV 150** 114 OF 100 COMPANIES HAVE GUIDELINES

**S&P 100** 97 OF 100 COMPANIES HAVE GUIDELINES

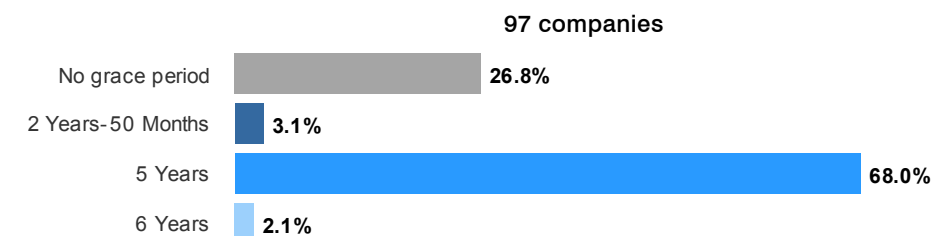
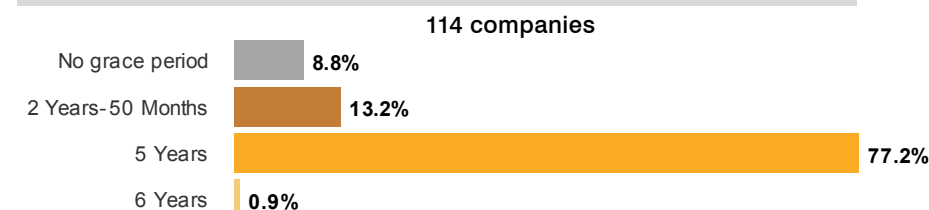


### MINIMUM HOLDING AMOUNT REQUIREMENTS FOR EXECUTIVES—2023 PROXY SEASON

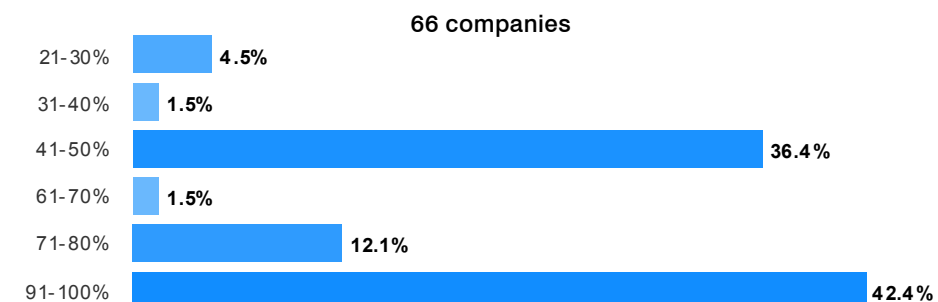
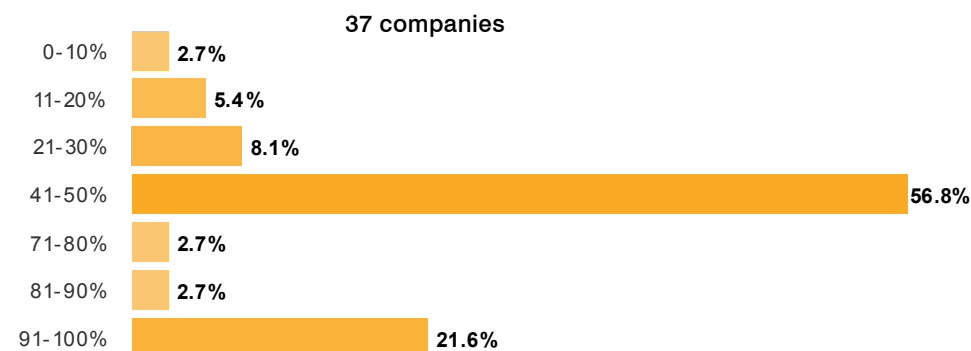
#### TYPE OF MINIMUM TARGET



#### GRACE PERIOD TO REACH MINIMUM



#### MINIMUM RETENTION LEVEL PENDING TARGET



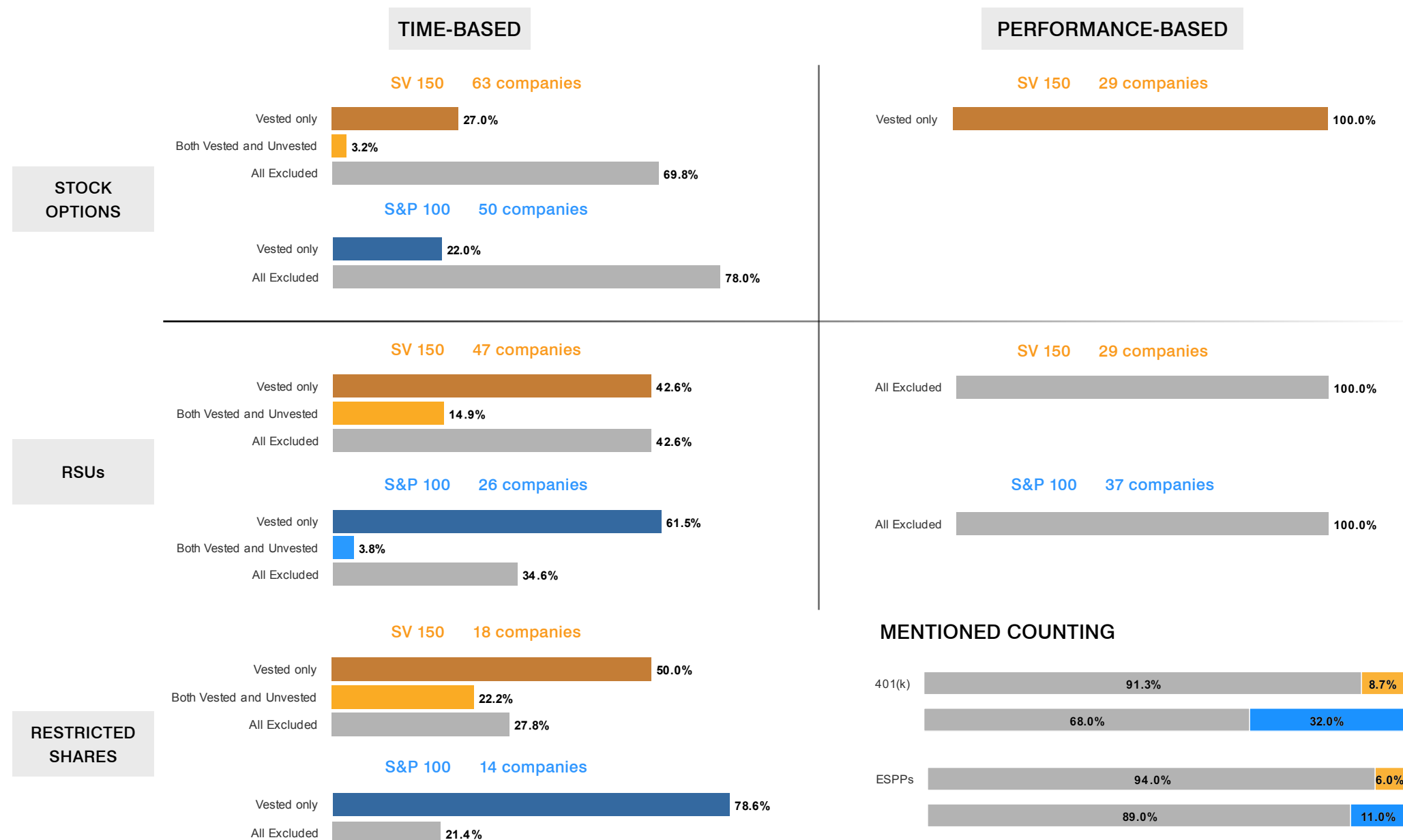
# Stock Ownership Guidelines

Continued

## Minimum Holding Amount Requirements for Executives (continued)

The graphs on this page show for each group whether stock options with time-based vesting, stock options with performance-based vesting, restricted stock units (RSUs) with time-based vesting, RSUs with performance-based vesting (PSUs) and restricted shares are counted toward achievement of the minimum holding target and whether such counting includes only vested or both vested and unvested equity, as well as whether the stock ownership guidelines discuss inclusion of shares in 401(k) plans or employee stock purchase plans (ESPPs).

### EQUITY HOLDINGS THAT COUNT TOWARD MINIMUM — 2023 PROXY SEASON



# Stock Ownership Guidelines

Continued

## Minimum Holding Period Requirements for Executives

Additionally, four companies in the SV 150 also had minimum holding period requirements for executive officers in addition to, or in some cases in lieu of, the minimum holding amount requirements discussed above. Two SV 150 companies had a minimum holding period requirement of three years, and two companies had a period of one year. These minimum holding period requirements applied to 100% of “net shares” (or a similar concept) at two companies and 50% of “net shares” at two companies.

In the S&P 100, 16 companies had such minimum holding period requirements for executive officers. For 12 companies the period was one year, for two companies the period was two years and for two companies it was three years. These minimum holding period requirements applied to between 91–100% of “net shares” (or a similar concept) at four of the companies, between 71–80% at one company, between 61–70% at one company, between 41–50% at four companies and between 31–40% at one company.

The graphs on this page show for each group the percentage of companies with minimum holding period requirements for executive officers (in addition to, or in lieu of, minimum holding amounts), the minimum holding period applicable to the CEO and the portion of equity holdings to which the requirement applied.

## MINIMUM HOLDING PERIOD REQUIREMENTS FOR EXECUTIVES — 2023 PROXY SEASON

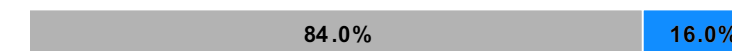
### SV 150

4 OF 150 COMPANIES HAVE REQUIREMENTS

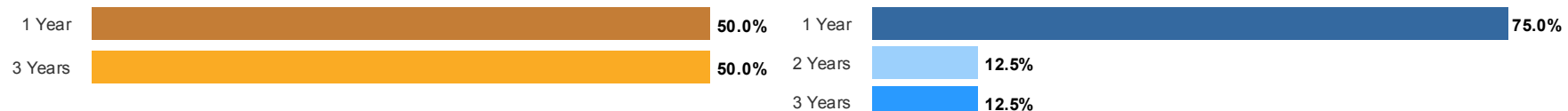


### S&P 100

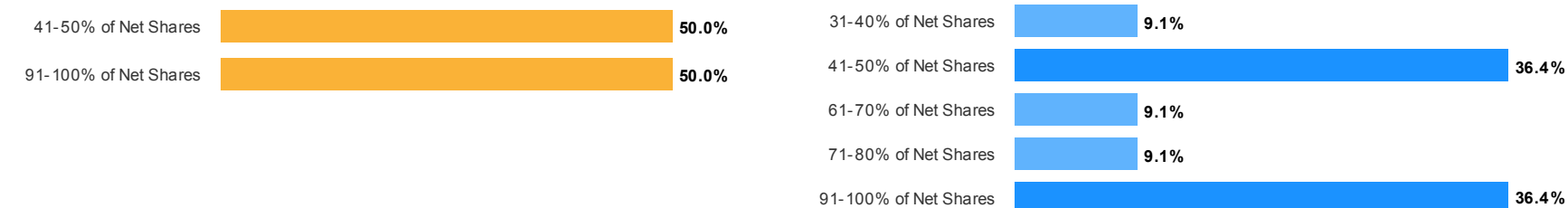
16 OF 100 COMPANIES HAVE REQUIREMENTS



### HOLDING PERIOD



### SHARES TO WHICH HOLDING PERIOD APPLIES



# Stock Ownership Guidelines

Continued

## Minimum Holding Requirements for Directors

Among the 115 SV 150 companies with stock ownership guidelines for non-employee board members, all of the companies disclosed the terms of their guidelines (either in their proxy statement or via reference to their website). Of those, 10 companies specified the requirement based simply on a fixed number of shares or a fixed minimum value of shares that must be held, while 105 companies instead specified the requirement based on a multiple of the directors' annual cash retainer. Of the companies using a multiple, two companies specified a multiple of 1–2x, 42 companies specified 3–4x, 52 specified 5x, three specified 6x and six companies specified 7–10x.<sup>44</sup> In addition, 21 companies specified a grace period that ranged from two to four years, 82 companies specified a grace period of five years, one company specified a grace period of six years, and one company specified a grace period of more than six years to reach the minimum.<sup>45</sup> Twenty-one companies specified in their proxy statement disclosures that they required a minimum retention level pending achievement of the stated target (either during the grace period or simply until the minimum retention level is met), of which 12 companies required 50%, one company required 75% and eight companies required 100% (generally as a percentage of “net shares” or a similar concept).<sup>46</sup>

All of the 93 S&P 100 companies with stock ownership guidelines for non-employee directors disclosed the terms of those guidelines. Of those, 12 companies specified the requirement based simply on a fixed number of shares or a fixed minimum value of

shares that must be held, while 79 companies instead specified the requirement based on a multiple of the directors' annual cash retainer (and two companies specified other terms). Of the companies using a multiple, six specified a multiple of 3–4x, 65 companies specified a multiple of 5x, two specified a multiple of 6x and six specified a multiple of 7–10x. In addition, four companies specified a grace period that ranged from two to four years to reach the minimum, 71 companies specified a grace period of five years, three companies specified a six-year grace period and one company specified a grace period of more than six years, while the remaining company did not specify a grace period. Nineteen companies specified in their proxy statement disclosures that they required a minimum retention level pending achievement of the stated target (either during the grace period or simply until the minimum retention level is met), of which five required 50% and 14 companies required 100% (generally as a percentage of “net shares” or a similar concept).

Companies typically do not specifically discuss which holdings are counted toward meeting the requirements for non-employee directors, or they state or imply that holdings are counted the same as for executive officers (as applicable).

<sup>44</sup> Among the 14 companies in the top 15 of the SV 150 that disclosed stock ownership guidelines for non-employee directors, three companies specified the requirement based on a fixed number of shares or a fixed minimum value of shares that must be held, while 11 companies instead specified the requirement based on a multiple of the directors' annual cash retainer and one company, Netflix, did not specify or specified another type of stock ownership. Of the companies using a multiple, nine companies specified 5x annual cash retainer, one specified 6x and one specified 7–10x.

<sup>45</sup> In the top 15, 11 companies specified a five-year grace period.

<sup>46</sup> In the top 15, one company specified a minimum retention level of 100% of net shares.

# Stock Ownership Guidelines

Continued

## Minimum Holding Requirements for Directors (continued)

The graphs on this page show for each group the percentage of companies with stock ownership guidelines for non-employee directors, the type of target for minimum holding amount requirements and, where the target is a multiple of the annual cash retainer, the applicable multiple, as well as any grace period to achieve the target and any minimum retention level required pending achievement of the target.

### STOCK OWNERSHIP GUIDELINES FOR DIRECTORS — 2023 PROXY SEASON

**SV 150** 115 OF 100 COMPANIES HAVE GUIDELINES



**S&P 100** 93 OF 100 COMPANIES HAVE GUIDELINES

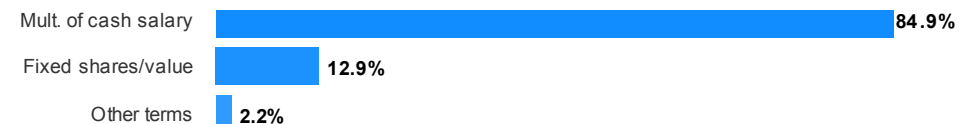
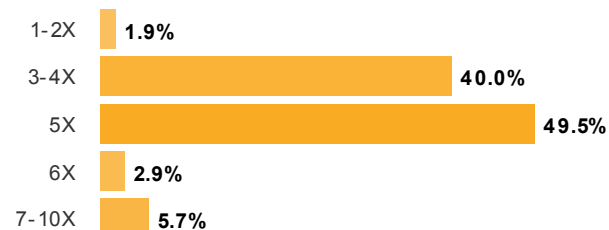


### MINIMUM HOLDING AMOUNT REQUIREMENTS FOR DIRECTORS

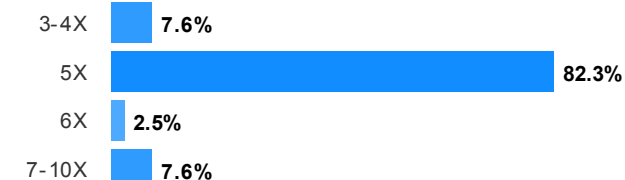
#### TYPE OF MINIMUM TARGET



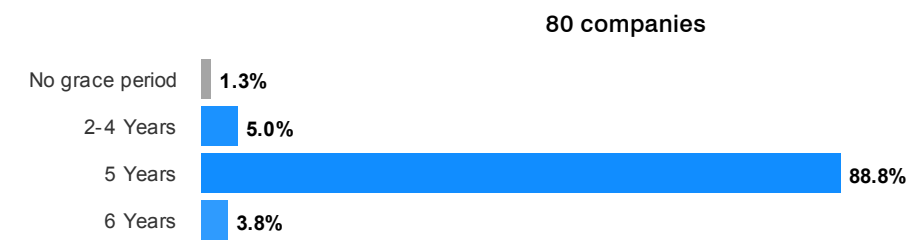
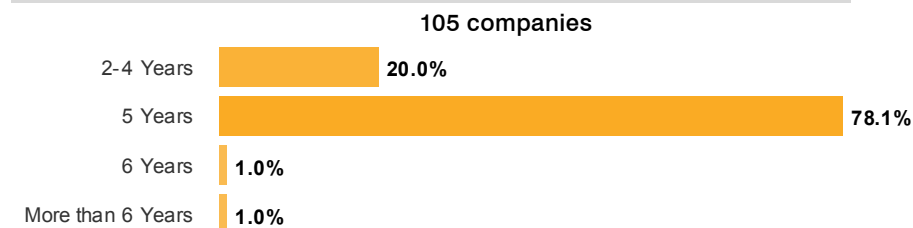
#### MULTIPLE OF ANNUAL CASH SALARY



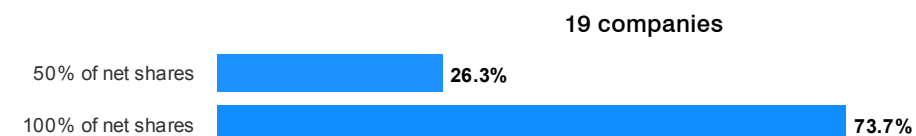
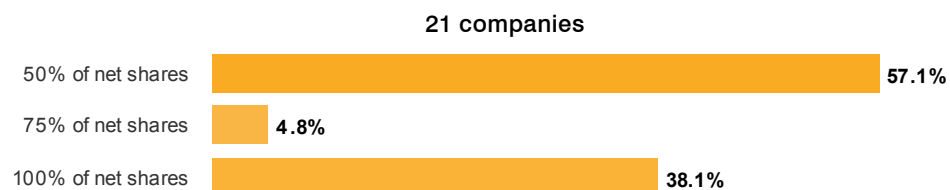
#### MULTIPLE OF ANNUAL CASH SALARY



#### GRACE PERIOD TO REACH MINIMUM



#### MINIMUM RETENTION LEVEL PENDING TARGET



# Executive Officers

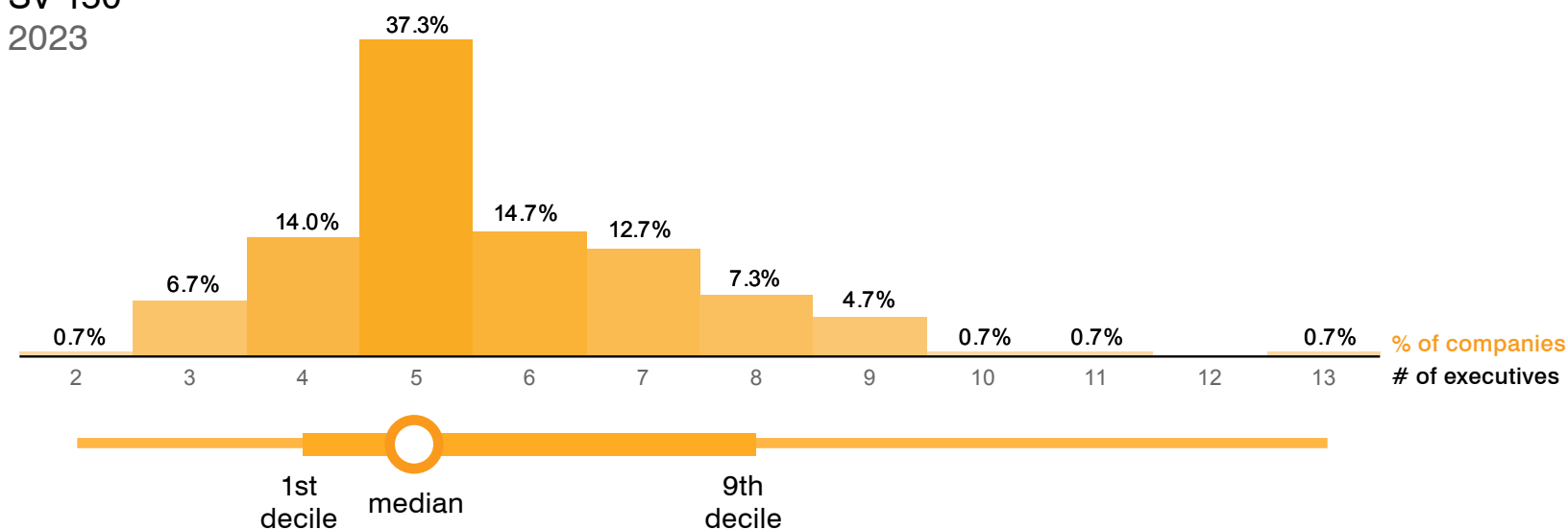
## Number of Executive Officers

The number of executive officers tends to be substantially fewer among the technology and life sciences companies in the SV 150 (average = 5 executive officers) than among S&P 100 companies (average = 9 executive officers), generally reflecting the scale differences between the groups of companies. In both groups there has been a general decline in the average number of executive officers per company (a trend that continued in the 2023 proxy season for S&P 100 companies), as well as a narrowing of the range of that number in each group (SV 150 max. = 20 and min. = 4 in the 1996 proxy season compared to max. = 13 and min. = 2 in the 2023 proxy season; S&P 100 max. = 33 and min. = 5 in 1996 proxy season compared to max. = 22 and min. = 4 in the 2023 proxy season).

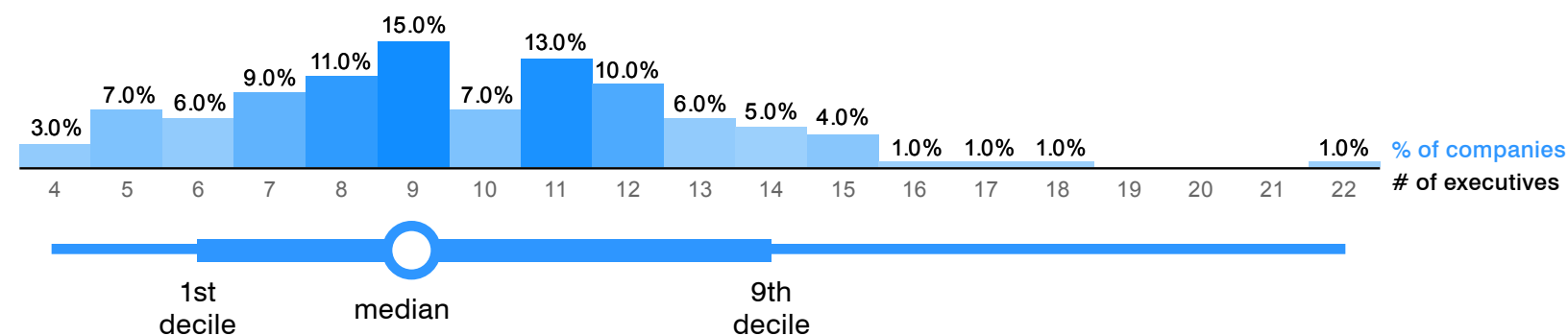
The graphs on this page show the distribution by number of executive officers among the two groups during the 2023 proxy season.

## NUMBER OF EXECUTIVE OFFICERS—DISTRIBUTIONS

### SV 150 2023



### S&P 100 2023





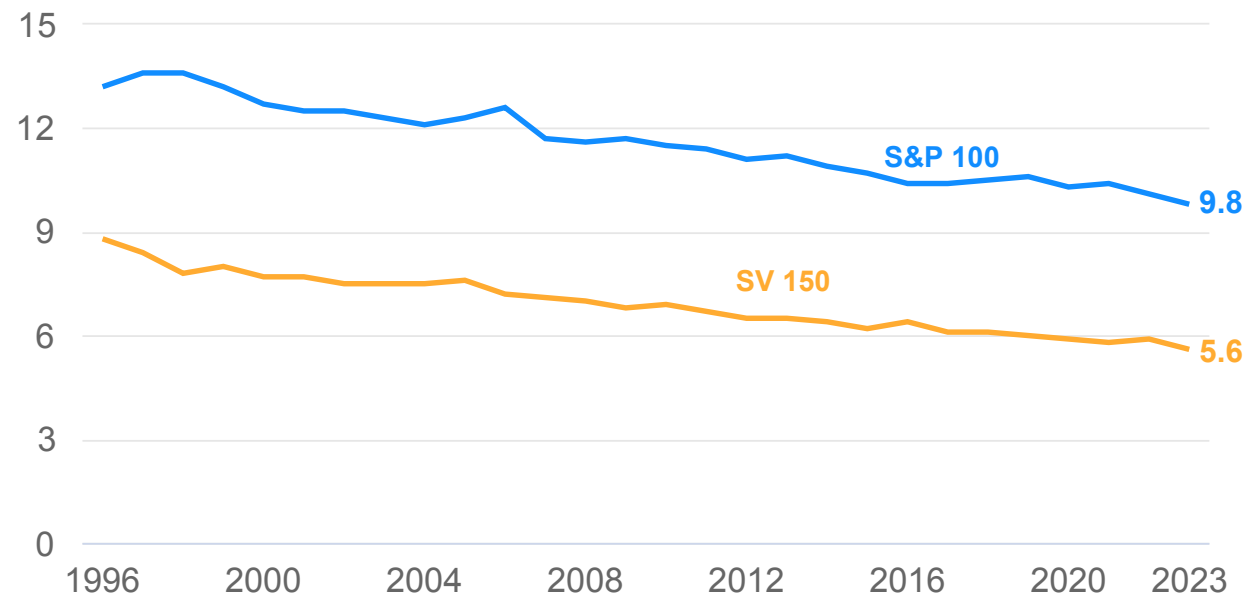
# Executive Officers

Continued

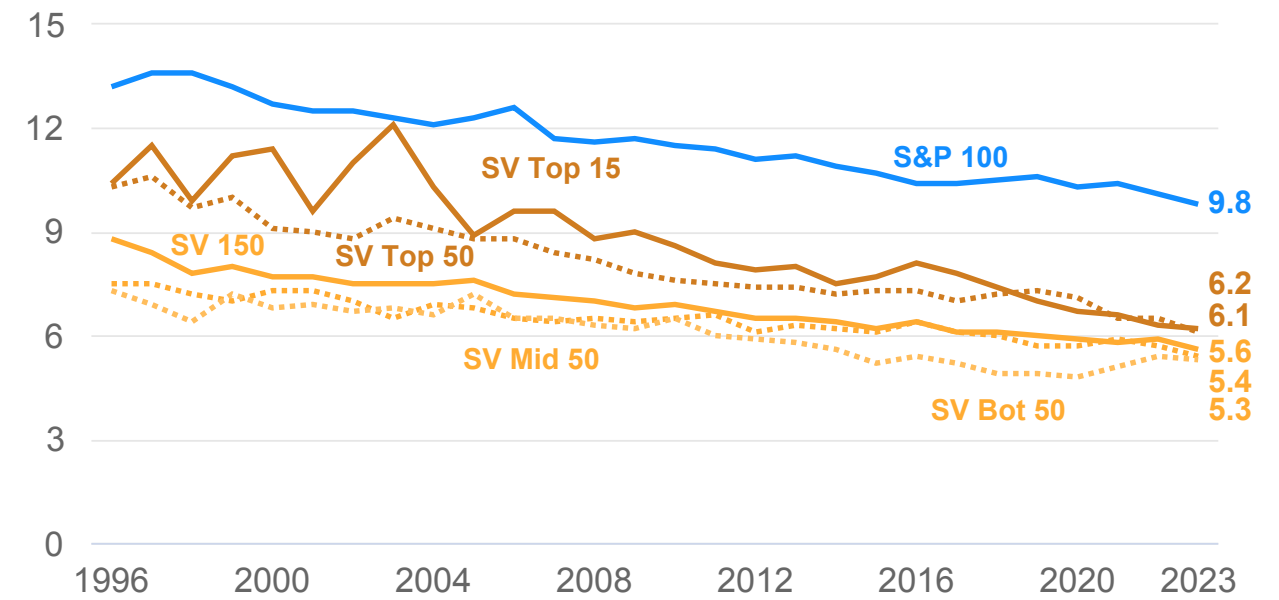
The graphs on this page show the average number of executive officers in each group, as well as the same information for the SV 150 broken down by the top 15, top 50, middle 50 and bottom 50 companies, over the period from the 1996 through 2023 proxy seasons.

AVERAGE NUMBER OF EXECUTIVE OFFICERS—TRENDS OVER TIME

S&P 100 vs. SV 150



SV 150 Breakdown



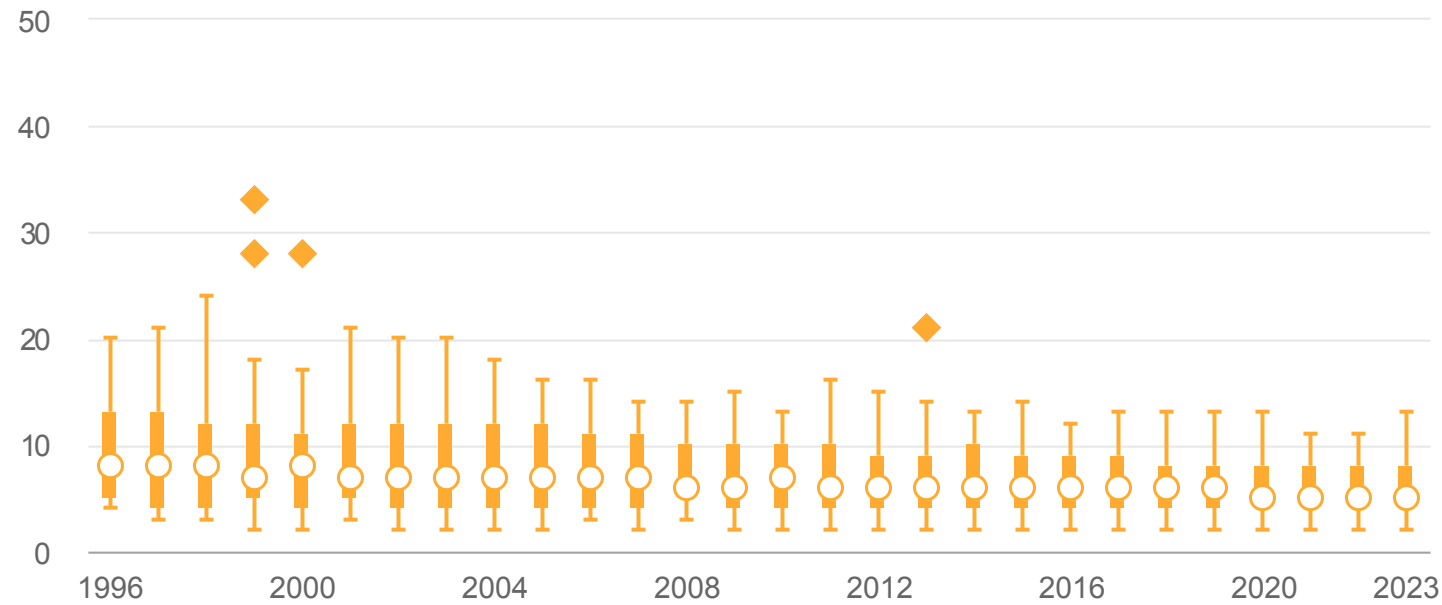
# Executive Officers

Continued

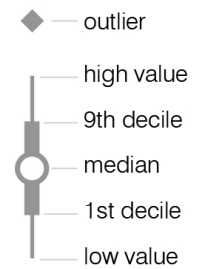
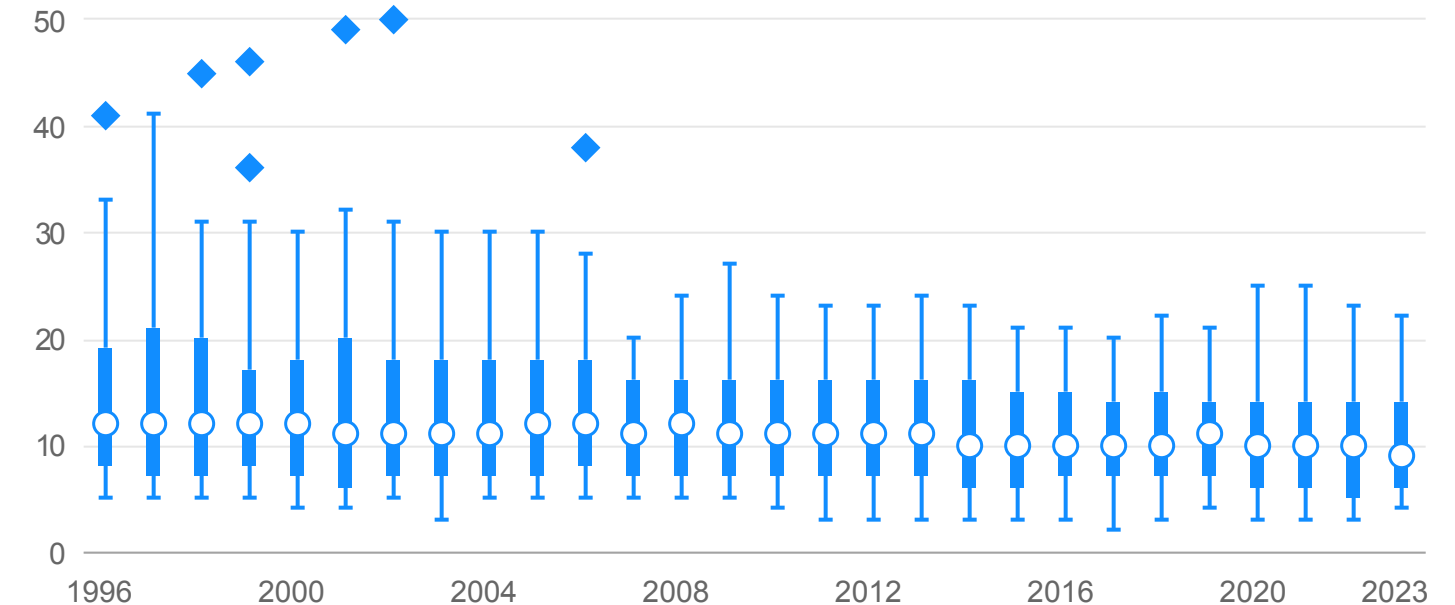
The graphs on this page show the range of the number of executive officers per company in each group, showing both the median and the cutoffs for the deciles with the most and fewest executive officers, over the period from the 1996 through 2023 proxy seasons.

RANGE OF NUMBER OF EXECUTIVE OFFICERS—TRENDS OVER TIME

SV 150



S&P 100



# Executive Officer Makeup

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The types of officers included among company executive officers have varied over time, with some types substantially increasing over time—running counter to the overall steady decline in the number of executive officers. In addition to the chief executive officer (CEO), the breakdown in the 2023 proxy season is the following:<sup>47</sup>

- 97.3% of SV 150 companies identified a chief financial officer (CFO), compared to 99% in the S&P 100;
- 72.7% of SV 150 companies identified a general counsel (GC), chief legal officer (CLO) or other senior legal executive, compared to 94% in the S&P 100;
- 36.7% of SV 150 companies identified a chief technology officer (CTO) or other senior engineering or research and development executive, compared to 45% in the S&P 100;
- 26% of SV 150 companies identified a president, chief operating officer (COO) or other senior operations executive, compared to 29% in the S&P 100;
- 11.3% of SV 150 companies identified a senior sales executive, compared to 7% in the S&P 100;
- 8% of SV 150 companies identified a senior corporate or business development executive, compared to 11% in the S&P 100;
- 18% of SV 150 companies identified a senior marketing executive (separate from the senior sales executive), compared to 13% in the S&P 100; and
- 98% of SV 150 companies identified at least one other position (separate from those included above) among their executive officers, compared to 100% in the S&P 100.

Generally, the frequency of inclusion of these positions has held relatively steady or declined slightly over time. In the SV 150, the number of senior sales executives

has declined somewhat more rapidly than the number of other positions (while the S&P 100 has seen a slower rate of decline). Both groups have generally seen a decline in president/COO-type executive officers, particularly in recent years. Similarly, CTO/engineering/R&D executive officer roles have also generally declined for both groups, although at a slower rate for S&P 100 companies. Conversely, the inclusions of GC/CLO executives have markedly increased during the survey period in both groups.

The overall decline in the average number of executive officers at companies in the SV 150 appears to be driven largely by the decline in the number of president/COO and senior sales executive roles over time. In 1996, approximately 53.2% of SV 150 companies had an executive with the title of president or COO compared to just 26% in 2023. Similarly, 67% of SV 150 companies had a senior sales executive as an executive officer in 1996 compared to just 11.3% in 2023.

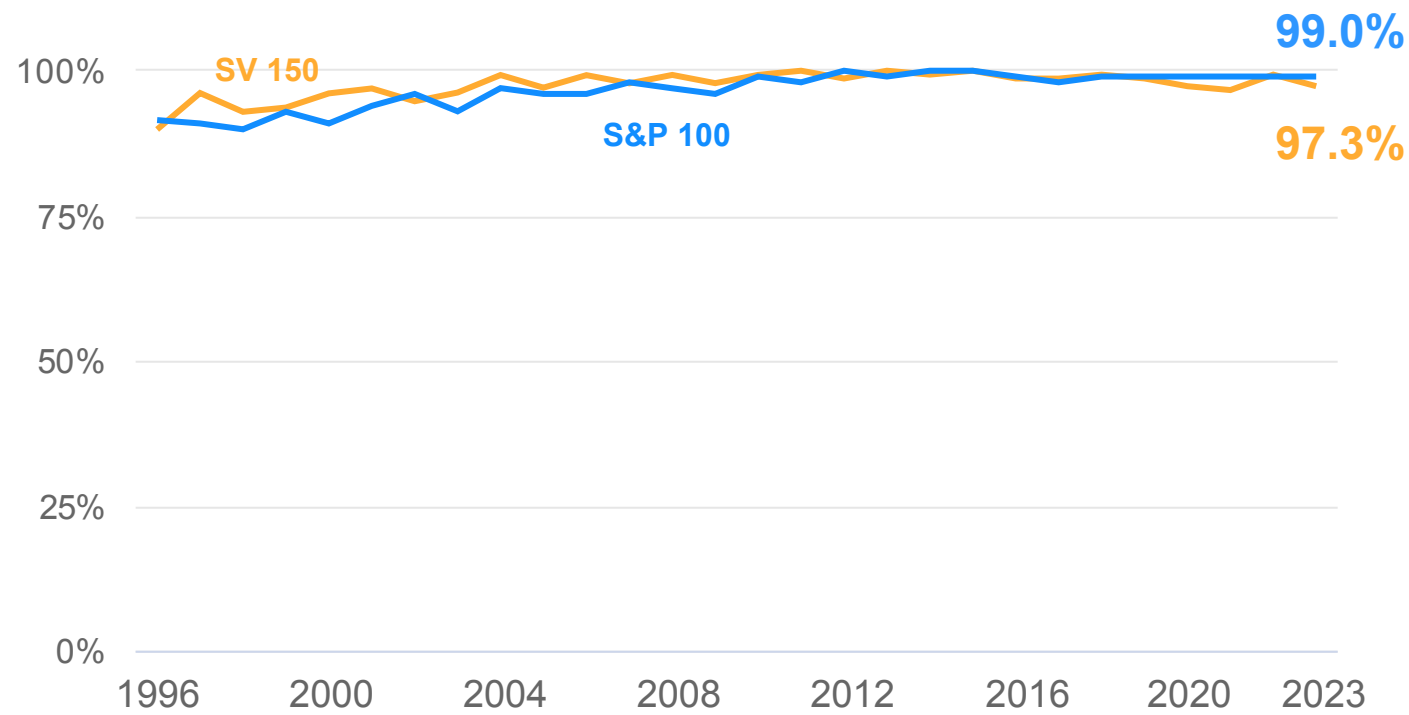
<sup>47</sup> In some companies, a single executive may hold more than one of these positions, with such executives consequently counted in more than one of these categories (e.g., president and CFO). In addition, some companies have more than one person holding a position (e.g., co-presidents), in which case the position is counted only once.

# Executive Officer Makeup

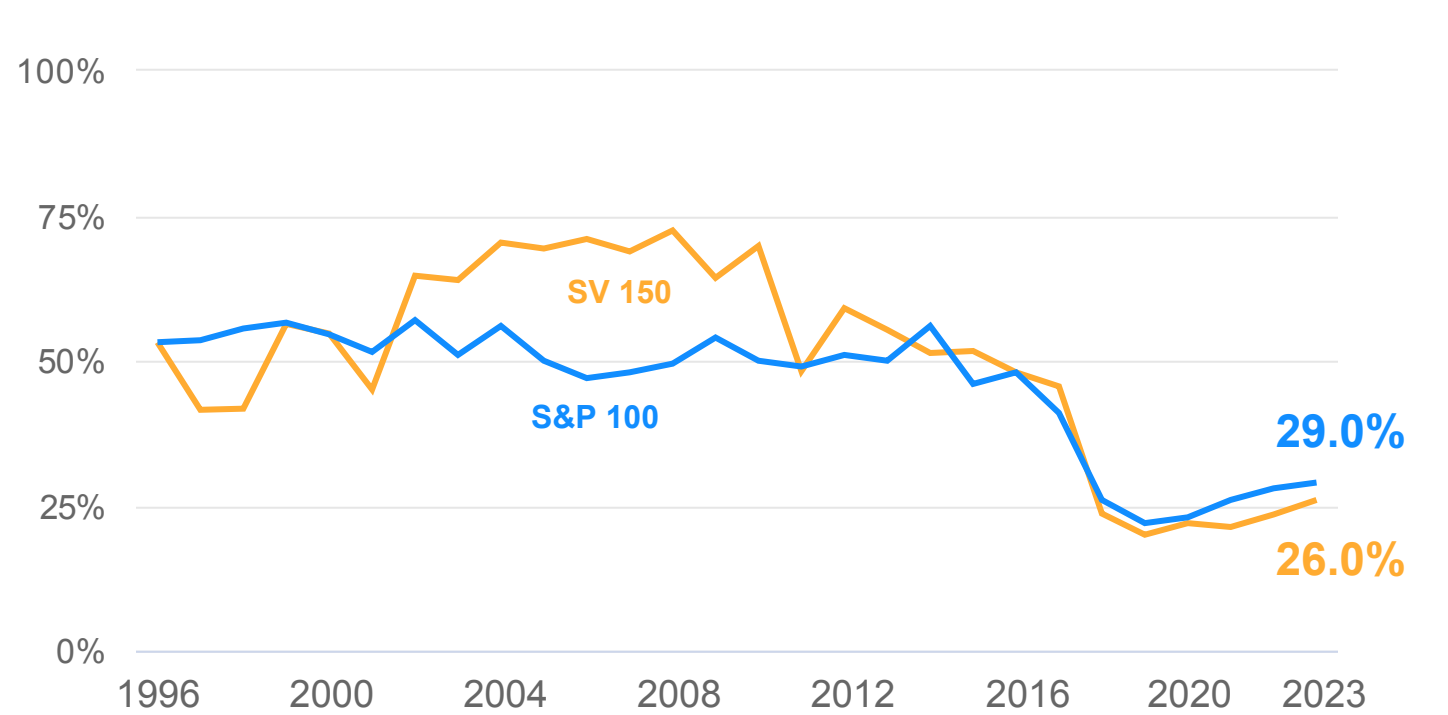
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The graphs on this page show the percentage of companies in each group that have included a CFO or other senior finance executive and a president and/or COO or other senior operations executive such as an “executive officer” from the 1996 through the 2023 proxy seasons.

PERCENTAGE OF COMPANIES INCLUDING CFO AS AN EXECUTIVE OFFICER



PERCENTAGE OF COMPANIES INCLUDING PRESIDENT AND/OR COO AS AN EXECUTIVE OFFICER

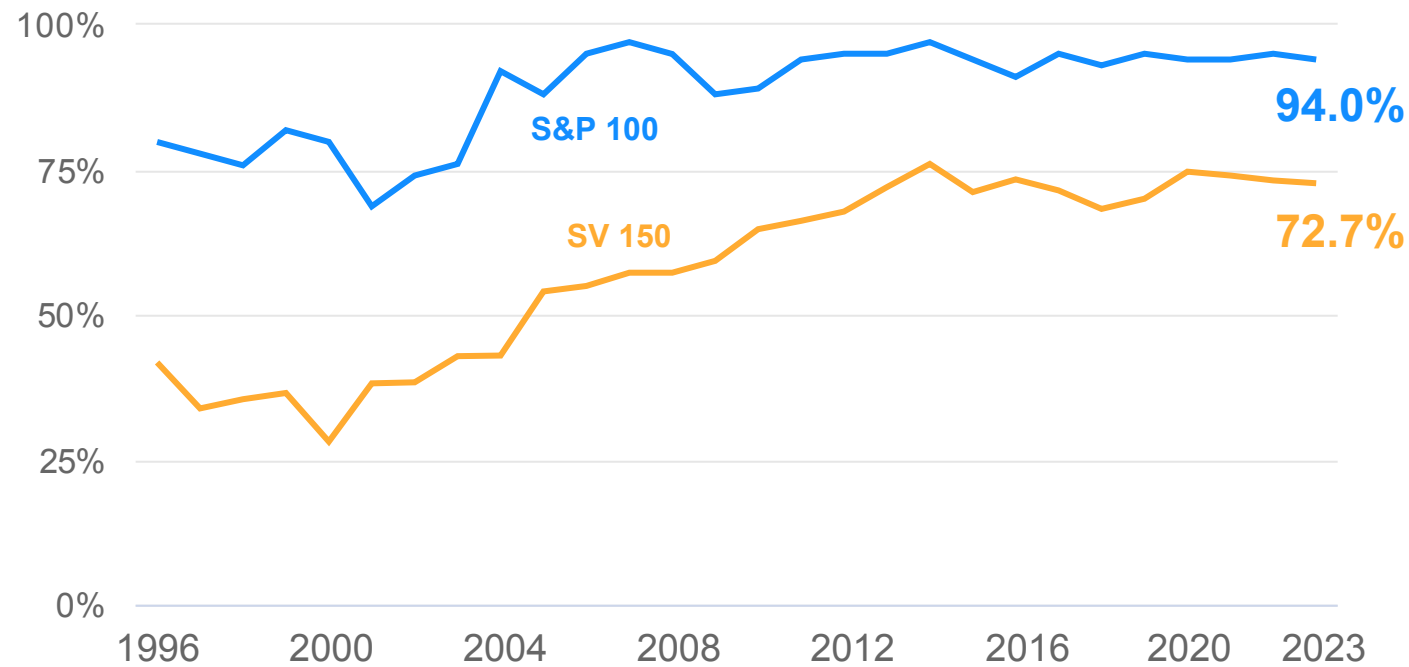


# Executive Officer Makeup

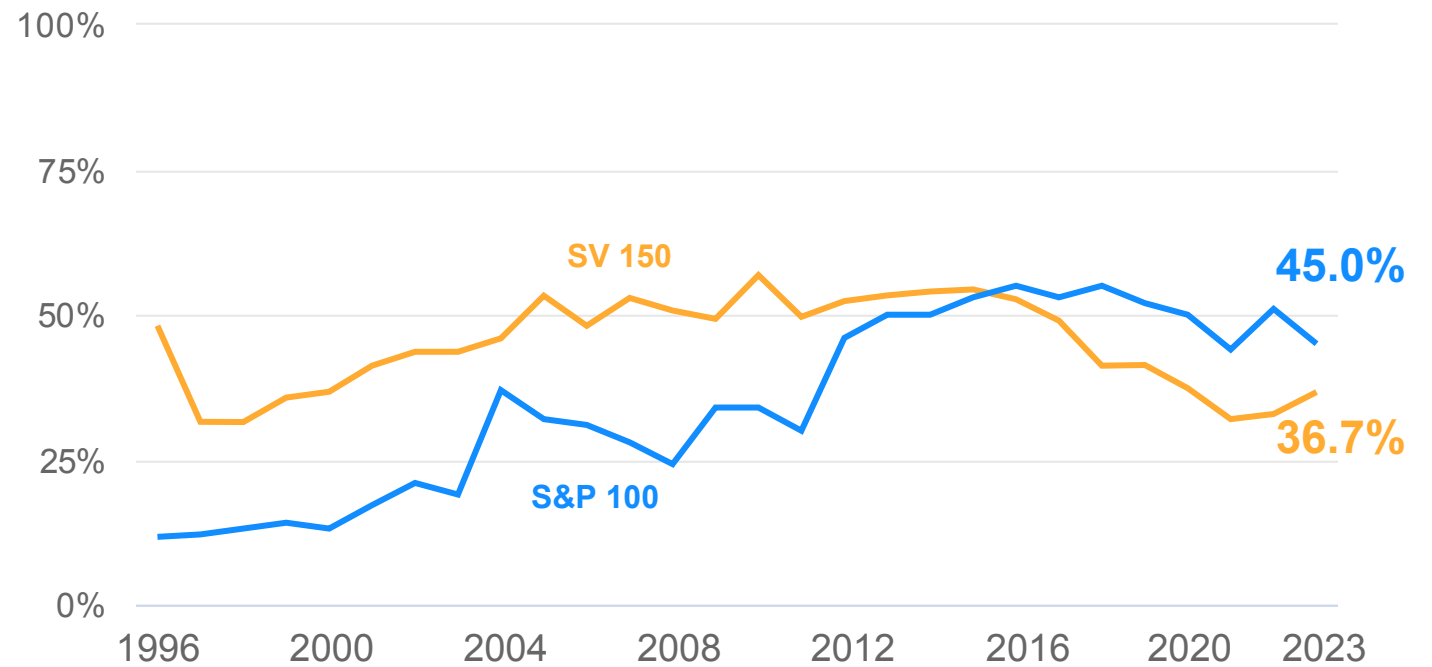
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The graphs on this page show the percentage of companies in each group that have included a GC, CLO or other senior legal executive and a CTO or other senior engineering or research and development executive as an “executive officer” from the 1996 through 2023 proxy seasons.

PERCENTAGE OF COMPANIES INCLUDING GC OR CLO AS AN EXECUTIVE OFFICER



PERCENTAGE OF COMPANIES INCLUDING CTO, ENGINEERING OR R&D EXECUTIVE AS AN EXECUTIVE OFFICER

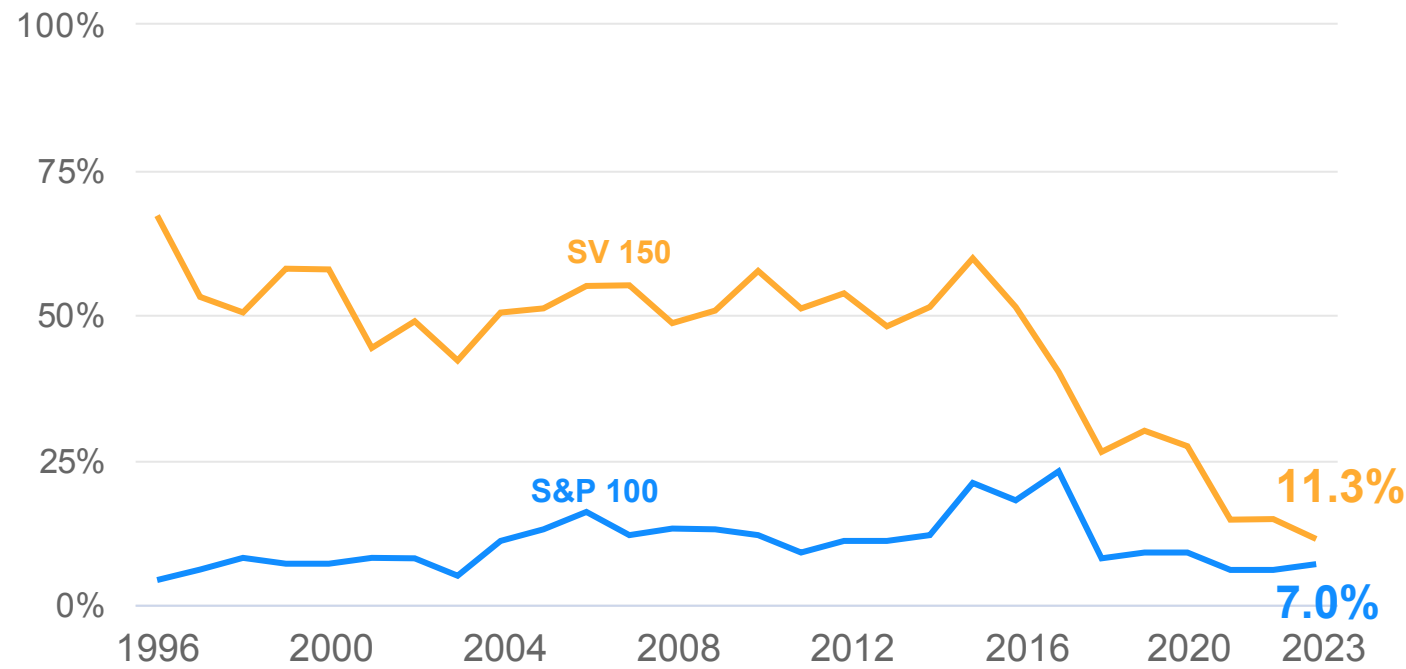


# Executive Officer Makeup

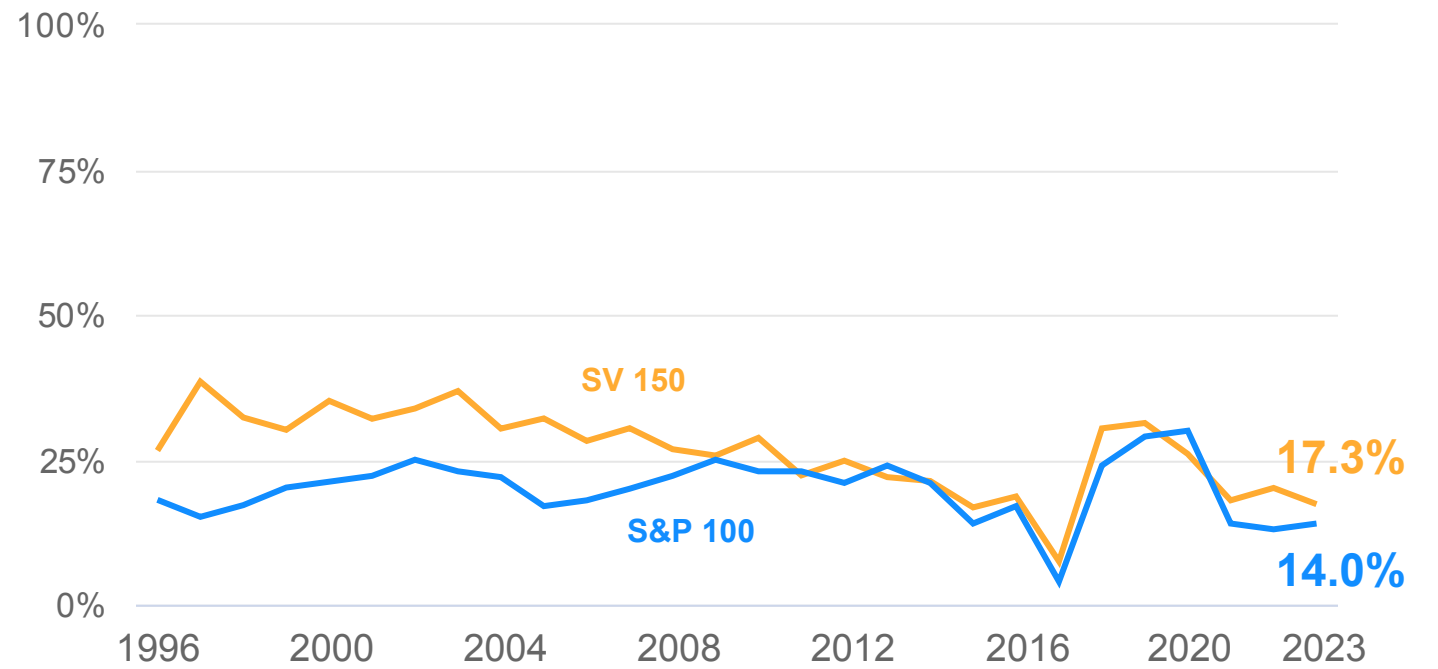
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The graphs on this page show the percentage of companies in each group that have included a senior sales executive and a senior marketing executive (separate from the senior sales executive) as an “executive officer” from the 1996 through 2023 proxy seasons.

PERCENTAGE OF COMPANIES INCLUDING SENIOR SALES EXECUTIVE AS AN EXECUTIVE OFFICER



PERCENTAGE OF COMPANIES INCLUDING SENIOR MARKETING EXECUTIVE AS AN EXECUTIVE OFFICER

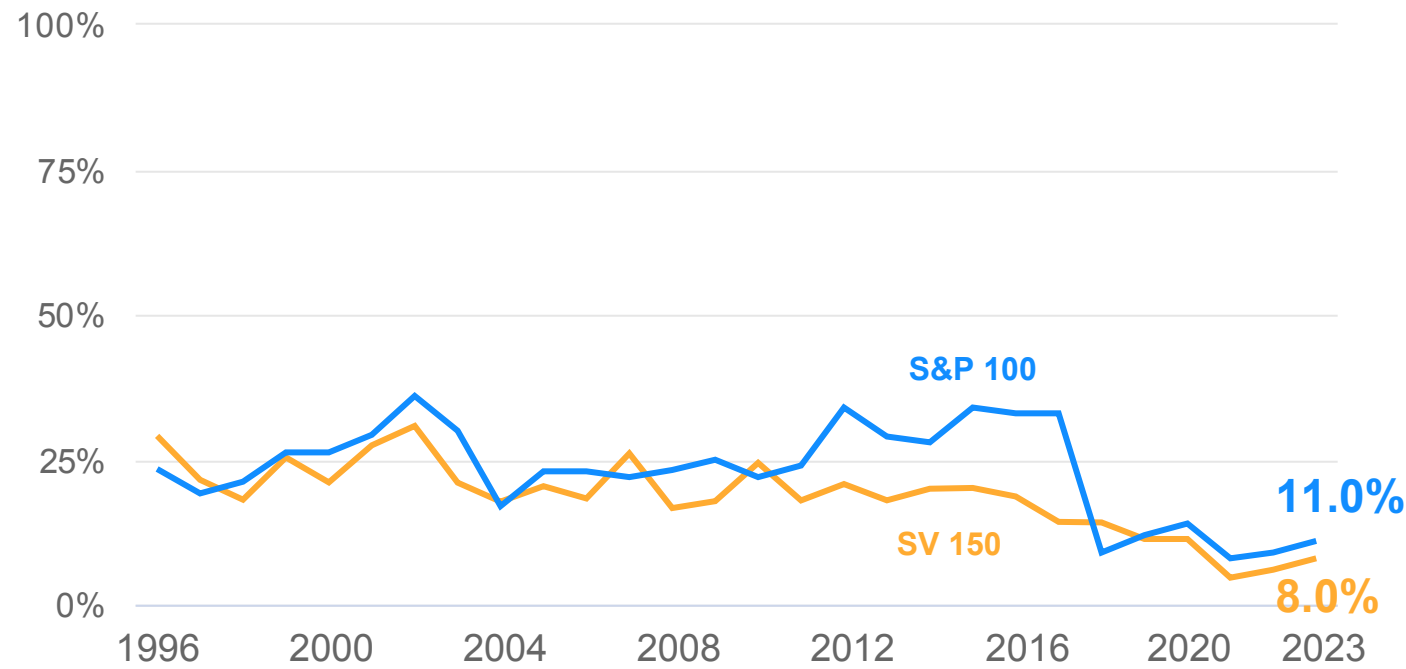


# Executive Officer Makeup

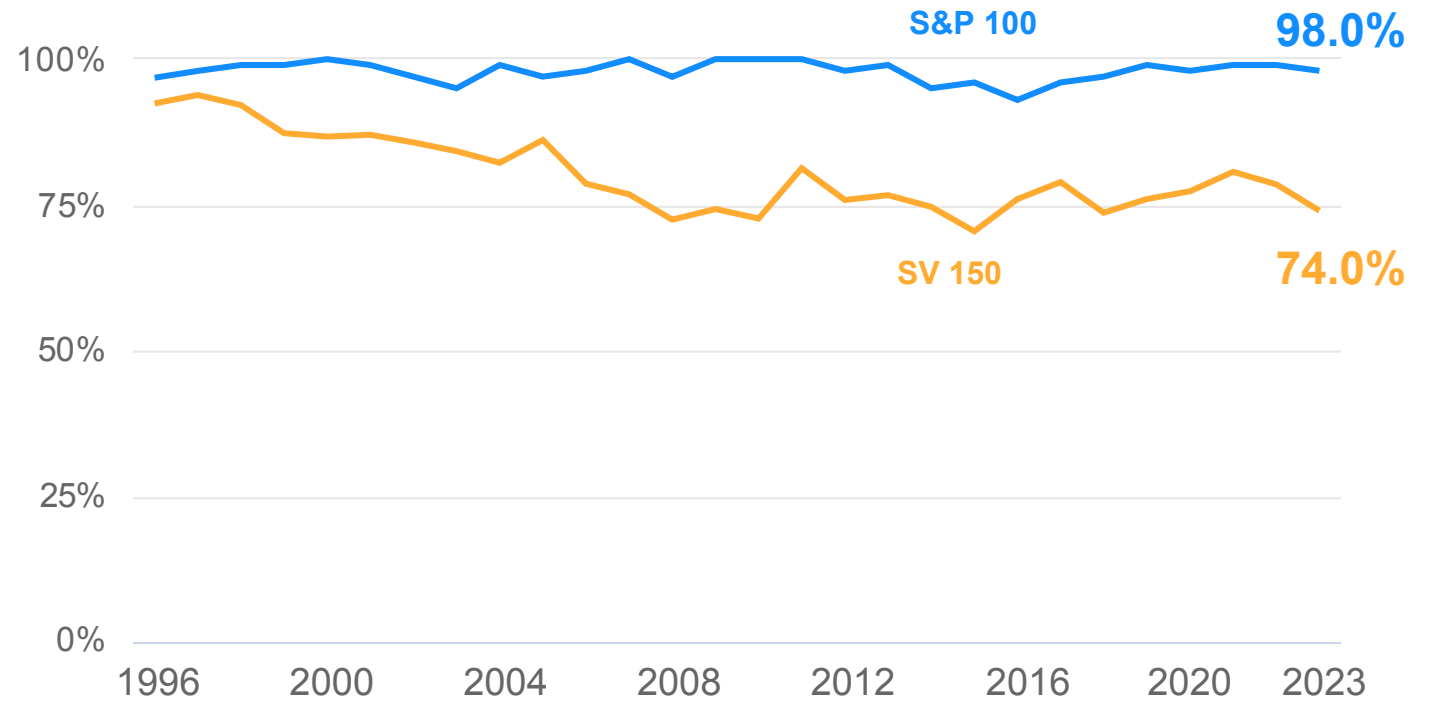
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The graphs on this page show the percentage of companies in each group that have included a senior corporate and/or business development executive, as well as the percentage in each group that have included at least one other officer position (separate from those positions in the preceding graphs), as an “executive officer” from the 1996 through 2023 proxy seasons.

PERCENTAGE OF COMPANIES INCLUDING SENIOR CORPORATE AND/OR BUSINESS DEVELOPMENT EXECUTIVE AS AN EXECUTIVE OFFICER



PERCENTAGE OF COMPANIES INCLUDING “OTHER” EXECUTIVE(S) AS AN EXECUTIVE OFFICER



# Fees Paid to Auditors

We compared the audit fees paid in 2022 by SV 150 and S&P 100 companies. The data show that companies in the SV 150 paid on average a fraction of the audit fees paid by companies in the S&P 100, with SV 150 companies paying on average \$5.1 million compared to \$24 million paid by S&P 100 companies. Average audit fees increased slightly in the SV 150 and the S&P 100 in 2022. In the SV 150, companies disclosed in the 2023 proxy season that they paid on average \$5.1 million in 2022, compared to \$5.0 million in the prior year.<sup>48</sup> S&P 100 companies paid on average \$23.6 million in 2021 and \$24 million in 2022. In the S&P 100, audit fees ranged from a minimum of \$3.3 million to a maximum of \$78.1 million. SV 150 companies paid audit fees ranging from \$750,000 to \$27.7 million.

In general, our data shows that the larger the SV 150 company by revenue, the higher its audit fees. The audit fees (ranging from a minimum of \$6.3 million to a maximum of \$27.7 million) paid by the top 15 companies of the SV 150 (by revenue) were more similar to the fees paid by their peers in the S&P 100. The average audit fees among the top 50, middle 50 and bottom 50 steadily decline with revenue size (\$9.2 million, \$3.5 million and \$2.4 million, respectively). Additionally, the data show that average audit fees paid in 2022 increased for SV 150 companies among the top 15 (to \$15.8 million, compared to \$13.9 million in 2021), and top 50 (to \$9.2 million, compared to \$8.9 million in 2021). Average audit fees declined slightly in the middle 50 (to \$3.5 million, compared to \$3.6 million in 2021). For the bottom 50, average audit fees remained level at \$2.4 million.

These trends generally held for the other fee categories (audit-related fees, tax fees, all other fees), as well as for total fees. If anything, the trend was more pronounced at the higher end of the revenue scale.

Public companies are facing higher audit fees for many reasons, including inflation and increased scope.<sup>49</sup>

<sup>48</sup> This increase represents the average audit fees paid in 2022 by the companies in the 2023 SV 150 List compared to the average audit fees paid in 2021 by the companies in the 2022 SV 150 List.

<sup>49</sup> For a detailed discussion of the factors causing increased audit fees, see ["Audit Fees Rose Nearly 5% In 2022: Weekly Stat," CFO Magazine](#), November 15, 2023.

	Audit Fees		Audit-Related Fees		Tax Fees		All Other Fees		Total Fees	
	Average <sup>♦</sup>	Range*	Average <sup>♦</sup>	Range*	Average <sup>♦</sup>	Range*	Average <sup>♦</sup>	Range*	Average <sup>♦</sup>	Range*
<b>S&amp;P 100</b>	\$24.0M (+1.9%)	\$3.3M– \$78.1M	\$4.9M (+9.7%)	\$6.0K– \$44.9M	\$2.0M (-15.5%)	\$3.0K– \$10.4M	\$334.1K (+13.8%)	\$1.0K– \$4.0M	\$30.9M (+1.5%)	\$4.0M– \$102.9M
<b>SV 150</b>	\$5.1M (+2.0%)	\$750K– \$27.7M	\$662.9K (-1.9%)	\$2.4K– \$10.5M	\$654.7K (-3.4%)	\$3.0K– \$9.8M	\$58.2K (-6.1%)	\$0.9K– \$1.7M	\$5.9M (-0.6%)	\$903.8K– \$41.2M
<b>Top 15</b>	\$15.8M (+14.3%)	\$6.3M– \$27.7M	\$2.4M (+25.5)	\$23.0K– \$10.5M	\$2.4M (-2.9%)	\$3.0K– \$9.8M	\$234.6K (+31.9%)	\$3.0K– \$1.7M	\$20.2M (+12.2%)	\$7.1M– \$41.2M
<b>Top 50</b>	\$9.2M (+3.5%)	\$3.1M– \$27.7M	\$893.7K (+24.5%)	\$10.0K– \$10.5M	\$1.1M (-12.3%)	\$3.0K– \$9.8M	\$119.7K (+0.3%)	\$0.9K– \$1.7M	\$11.1M (+2.3%)	\$4.2M– \$41.2M
<b>Mid 50</b>	\$3.5M (-3.3%)	\$1.6M– \$7.4M	\$287.2K (-58.2%)	\$2.4K– \$1.2M	\$329.8K (-14.5%)	\$6.0K– \$1.8M	\$22.7K (-41.6%)	\$1.0K– \$136.0K	\$3.9M (-10.6%)	\$1.6M– \$7.4M
<b>Bot 50</b>	\$2.4M (+0.9%)	\$235.9K– \$4.1M	\$235.9K (-13.2%)	\$7.4K– \$795.0K	\$258.8K (+26.8%)	\$5.1K– \$915.0K	\$17.3K (-0.5%)	\$0.9K– \$178.7K	\$2.7M (+0.2%)	\$903.8K– \$4.4M

<sup>♦</sup> Percentage change represents year-over-year comparison between the 2022 and 2023 proxy seasons, which disclosed fees paid in 2021 and 2022.

<sup>\*</sup> Companies reporting \$0 were included in the average but not in the range. For the S&P 100, four companies report \$0 for Audit-Related Fees, six companies report \$0 for Tax Fees and 40 companies report \$0 for All Other Fees. For the SV 150, 85 companies report \$0 for Audit-Related Fees, 36 companies report \$0 for Tax Fees and 61 companies report \$0 for All Other Fees. For the SV 150 top 15, four companies report \$0 for Audit-Related Fees; three companies report \$0 for All Other Fees. For the SV 150 top 50, 18 companies report \$0 for Audit-Related Fees, two companies report \$0 for Tax Fees and 16 companies report \$0 for All Other Fees. For the SV 150 middle 50, 32 companies report \$0 for Audit-Related Fees, 14 companies report \$0 for Tax Fees and 24 companies report \$0 for All Other Fees. For the SV 150 bottom 50, 35 companies report \$0 for Audit-Related Fees, 20 companies report \$0 for Tax Fees and 21 companies report \$0 for All Other Fees.



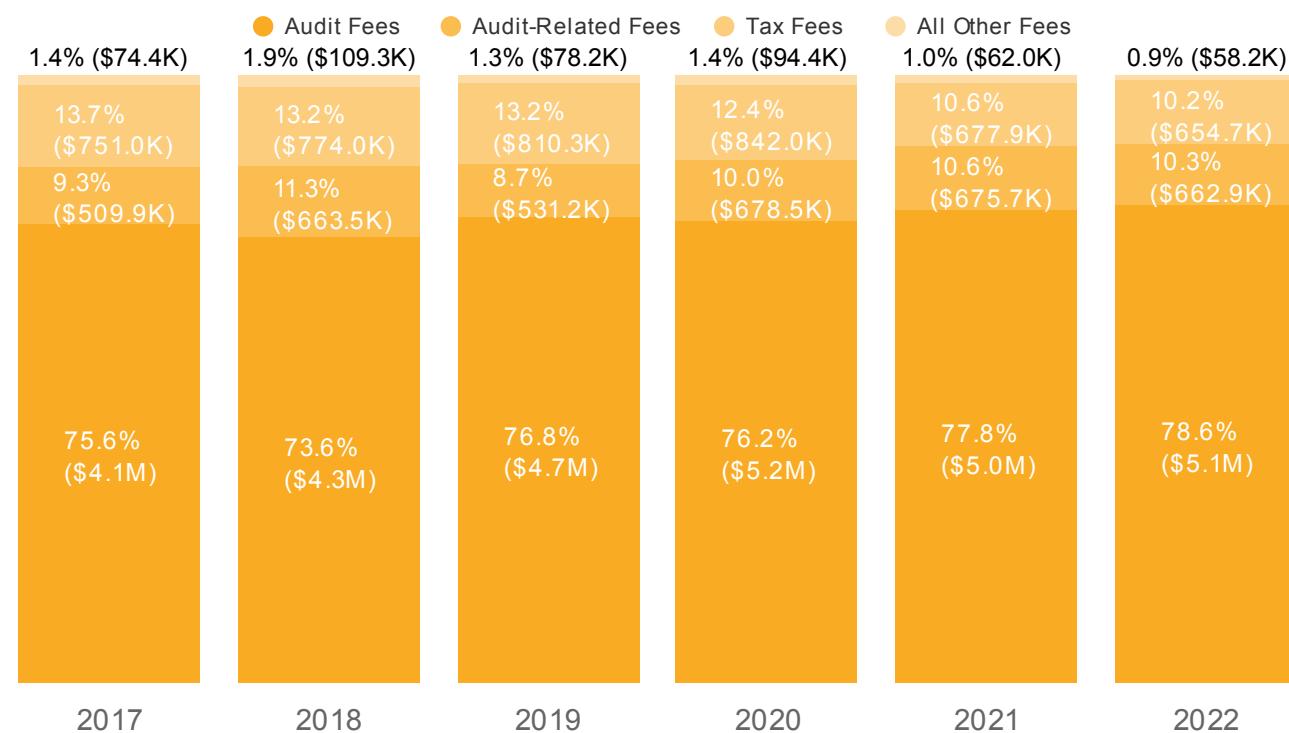
# Fees Paid to Auditors

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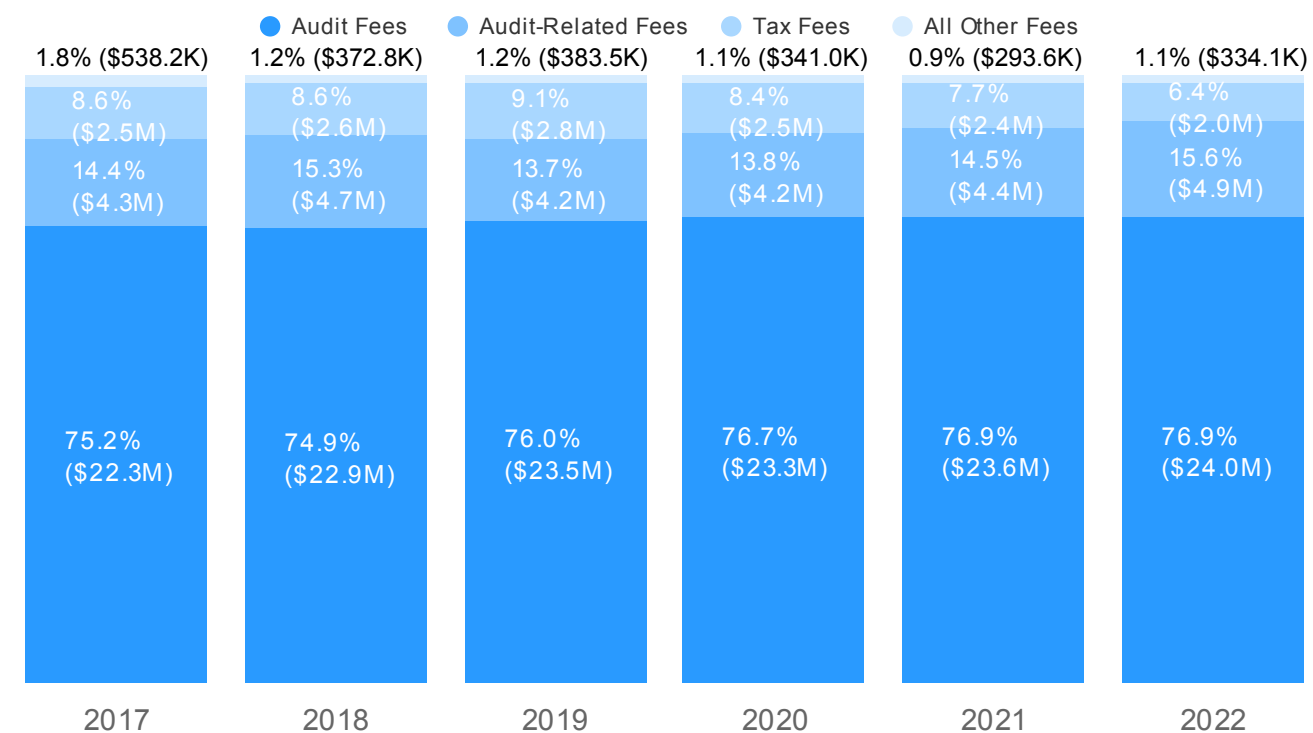
The graphs on this page show the breakdown of average audit fees, audit-related fees, tax fees and other fees that SV 150 and S&P 100 companies paid in 2017 through 2022, as reported in the 2018 through 2023 proxy seasons.

## BREAKDOWN OF AVERAGE AUDIT FEES — 2017–2022

### SV 150



### S&P 100



# Methodology

## Group Makeup

We reviewed the corporate governance practices of the companies included in the Standard & Poor's 100 Index (S&P 100)<sup>50</sup> and the technology and life sciences companies included in the Fenwick – Bloomberg Law Silicon Valley 150 List (SV 150).<sup>51</sup> The makeup of the indices has changed over time as determined by their publishers,<sup>52</sup> with the SV 150 makeup being updated generally once annually and the S&P 100 changing more frequently.<sup>53</sup> For analytical purposes, companies are included in the survey if they appeared in the relevant index as determined in the most recent calendar

<sup>50</sup> Standard & Poor's defines the S&P 100 Index as "a sub-set of the S&P 500," which measures the performance of large cap companies in the United States. The Index comprises 100 major blue-chip companies across multiple industry groups. Individual stock options are listed for each index constituent. To be included, the companies should be among the larger and more stable companies in the S&P 500 and must have listed options. Sector balance is considered in the selection of companies for the S&P 100. This index is widely used for derivatives and is the index underlying the OEX options. Standard & Poor's full methodology is [available on its website](#).

<sup>51</sup> Since the 2019 proxy season, Fenwick has partnered with Bloomberg Law to create the [Fenwick – Bloomberg Law Silicon Valley 150 List](#), ranking the largest public technology and life sciences companies in Silicon Valley. The rankings are based on revenues for the most recent available four quarters ended on or near December 31, 2021. For many years, *The Mercury News* (fka *the San Jose Mercury News*) had published the SV 150 Index, but it discontinued announcement of the SV 150 in May 2017. The [Fenwick – Bloomberg Law Silicon Valley 150 List](#) is modeled on the same criteria previously used by *The Mercury News*, which had defined Silicon Valley as comprising public "companies headquartered in Santa Clara, Santa Cruz, southern San Mateo and southern Alameda counties [in California] on the basis of worldwide revenue for the most recent available four quarters ended on or near [the most recent December 31]." However, in recognition of the continued geographic spread of technology and life sciences companies beyond the traditional Silicon Valley area, beginning in the 2012 proxy season, *The Mercury News* expanded the definition for purposes of the index to "include [the entirety of] the five core Bay Area counties: Santa Clara, San Mateo, San Francisco, Alameda and Contra Costa." Recognizing its continued geographic expansion, beginning in the 2021 proxy season the SV 150 list was expanded to include Marin County. (According to local lore, the term "Silicon Valley" was coined in 1971 to describe the concentration of semiconductor companies in what was then the northern portion of Santa Clara County. The term has since expanded to include all technology and life sciences companies and their geographic spread in the region.) For a discussion of the change in geographical area and its history, see "O'Brien: Welcome to the New and Expanded Silicon Valley" in *The Mercury News* (April 22, 2012). The most recent determination of the makeup of the SV 150 is based on the revenues of public companies in Silicon Valley (as thus defined) for the most recent available four quarters ended on or near December 31, 2021. That group was used for purposes of the 2022 proxy season in this report (while *The Mercury News's* selections were used for data prior to the 2018 proxy season).

<sup>52</sup> The constituents of the Standard & Poor's 100 (S&P 100) Index are determined by S&P Dow Jones Indices LLC (a joint venture between S&P Global, the CME Group and News Corp.), and the constituents of the Fenwick – Bloomberg Law Silicon Valley 150 List (SV 150) were determined by Fenwick in collaboration with Bloomberg Law based closely on the original methodology used for decades by *The Mercury News* (see footnote 1).

<sup>53</sup> However, while changes are more frequent, Standard & Poor's has noted that "in past years, turnover among stocks in the S&P 100 has been even lower than the turnover in the S&P 500." Given the relative rapidity of acquisitions and the volatility of the technology business, annual constituent turnover in the SV 150 is somewhat greater than the S&P 100 in terms of the number of companies changing.

year-end.<sup>54</sup> Further, in past years, to focus the survey on the industries most relevant to Silicon Valley, companies were excluded from the SV 150 data set if they were not primarily in the technology or life sciences industries (broadly interpreted).<sup>55</sup> To some degree, the volatility in the statistical trends within each of the indices is a reflection of changes in the constituents of the index over time.<sup>56</sup> Finally, some companies are constituents of both indices.<sup>57</sup> Those companies are included in the data sets of both groups for purposes of this survey. In addition, companies are not included in the data set (on a subject-by-subject basis) if information is not available because no SEC filing with the relevant data was made (generally as a result of acquisition).

## Proxy Season/Proxy Statements

To be included in the data set for a particular "proxy season," the definitive proxy statement for a company's annual meeting generally must have been filed by the company with the U.S. Securities and Exchange Commission (SEC) by June 30 of that year, irrespective of when the annual meeting was actually held.<sup>58</sup> In some instances, a company may not have consistently filed its annual meeting proxy statement on

<sup>54</sup> I.e., the Fenwick survey for the 2022 proxy season included companies constituent in the Fenwick – Bloomberg Law SV 150, based on "the most recent available four quarters ended on or near December 31, 2021," and the Standard & Poor's 100 constituents were based on the index makeup as of December 31, 2021.

<sup>55</sup> E.g., for the 2011 proxy season, the following companies were excluded from the SV 150 data set for purposes of the survey (in order of rank within the index): Franklin Resources (14), Con-Way (17), Robert Half (25), Granite Construction (38), West Marine (66), California Water (74), Essex Property (79), SJW (105), Financial Engines (138), Coast Distribution (141) and Mission West (142). However, beginning with the 2012 proxy season, *The Mercury News* removed all of the non-technology/life sciences companies from the SV 150 and created a parallel Bay Area 25 (BA 25) index made up of the 25 largest such companies ranked by revenue. While not presented in this report, Fenwick does collect and analyze the same set of data for the BA 25 (and companies that we excluded from the SV 150 for purposes of this survey prior to the 2012 proxy season), which can be obtained by consulting a Fenwick & West securities partner. In addition, companies are not included in the data set (on a subject-by-subject basis) if information is not available because no SEC filing with the relevant data was made (generally as a result of acquisition). For example, in the 2022 proxy season, seven companies were not included in the SV 150 data set for all subjects. Similar exclusions occurred in prior years.

<sup>56</sup> Other factors include changes in board membership and turnover in the chief executive officer of constituent companies.

<sup>57</sup> The 12 companies that were members of both the SV 150 and the S&P 100 in the 2022 proxy season (with their SV 150 rank) are Apple (1), Alphabet (2), Meta (3), Intel (4), Cisco Systems (6), Netflix (8), Broadcom (9), Gilead Sciences (10), NVIDIA (11), Salesforce (12), PayPal Holdings (13) and Adobe (19).

<sup>58</sup> I.e., the proxy statements included in the 2023 proxy season survey were generally filed with the SEC from July 1, 2022, through June 30, 2023 (the annual meetings were usually held about two months following the filing of the proxy statement). For the 2023 proxy season, we reviewed annual meeting data provided by Proxy Analytics, a third-party provider of proxy and annual meeting data.

# Methodology

## Continued

the same side of the cutoff date each year. In such cases, we have normalized the data by including only one proxy statement per year for a company (and including a proxy statement in a “proxy season” year even though it was filed beyond the normal cutoff).<sup>59</sup> In some instances, a company may not have filed an annual meeting proxy statement during a year at all (or held any annual meeting).<sup>60</sup> In such instances, data was gleaned for that company from other SEC filings to the extent available.<sup>61</sup>

Generally, where a trend graphic identifies a year, it presents information as of the time of the proxy statement (such as the number of directors or whether the company has majority voting for directors, a classified board or dual-class stock structure), in which event the data speaks as to circumstances in effect at the time of the proxy statement (rather than at some particular time during the preceding year or immediately following the annual meeting) and is presented by “proxy season” (as defined for purposes of the survey). Generally, any discussion of the data will be by proxy season and will contain a “2023” statistic in the graphic. However, some information (primarily meeting data) is shown in graphics for the year for which the data was presented in the relevant proxy statements rather than the year of the proxy statements themselves. For example, a proxy statement filed in April 2023 included data about the number of board and committee meetings for 2022. That data would be included in the graphic in the year “2022” statistic (and no “2023” statistic would be included, since the fiscal year for the relevant data is ongoing).

### Insider/Independent

A variety of meanings are ascribed to the terms “insider” and “not independent,” which are colloquially used somewhat interchangeably. We have attempted to cover a range of these meanings within the same survey. At the narrowest end of the spectrum, a

<sup>59</sup> E.g., several companies generally filed proxy statements in June each year but in a particular year filed in July (or later). The data for such a proxy statement was “moved” into the data set for the “proxy season” year before the cutoff.

<sup>60</sup> This can occur for a variety of reasons, including (among others) instances where (a) a company failed to timely file its periodic reports due to a pending or potential accounting restatement, or (b) a company was acquired or had agreed to be acquired (and determined to defer an annual meeting during the pendency of the acquisition).

<sup>61</sup> Generally, Forms 10-K or S-4 and Schedules 14D-9 or TO as well as proxy statements for mergers (Schedules 14A) when the company is in the process of being acquired. These sources generally provide only a subset of the data available in an annual meeting proxy statement (Schedule 14A). Sometimes these filings were made beyond the standard cutoff for the relevant proxy season for purposes of the survey but were nonetheless included in the survey data set for that proxy season if they generally presented data for the period that would have been covered by the proxy statement for that company if it had been filed. See footnote 59 and accompanying text.

director is considered an insider if he or she is currently an officer or otherwise an employee of the company (and not an insider if he or she is not currently an officer/employee). At the broadest end of the spectrum, some commentators consider a director to be an insider if he or she has ever been an officer of the company. In between, the stock exchanges have promulgated rules that define independence as not having been an officer or otherwise an employee of a company for the last three years, in addition to other specified criteria that vary somewhat by stock exchange.<sup>62</sup>

However, companies have not always been required to state with respect to each director whether he or she meets the applicable stock exchange’s independence criteria (as implemented by that company).<sup>63</sup> Consequently, when our survey was initiated, we also utilized a simplified version of the stock exchange rules, applying the three-year employment test only to the director, since that information can be gleaned from the requisite biographical summary that has long been included in proxy statements.<sup>64</sup> This allowed us to include all companies surveyed in this particular version of “insider” status throughout the period covered (while not all have been historically included for the applicable stock exchange independence criteria statistics across the period),<sup>65</sup> and we have carried that methodology forward for trend analysis purposes.

Finally, for purposes of the statistics regarding insider board chairs in this report, we have collected information based on the same four meanings. However, when presenting only one meaning of insider board chair, the statistics generally have

<sup>62</sup> See, e.g., [Section 303A.02 of the New York Stock Exchange \(NYSE\) Listed Company Manual](#) and [Rule 5605\(a\)\(2\) of the Nasdaq Stock Market \(Nasdaq\) Marketplace Rules](#). They generally provide coverage for compensation from the company to a director above a specified level (other than for board service) [currently each exchange specifies \$120,000 during any 12 months within the last three years], certain levels of business relationship between the company on whose board a director serves and a company that employs him or her, and similar employment by, compensation to or business relationships with a director’s immediate family members, among other factors. Further, in implementing these rules, a number of companies have adopted their own independence standards (e.g., to define “material relationships” that will preclude independence under a portion of the NYSE rule).

<sup>63</sup> Current [Item 407\(a\) of Regulation S-K](#) requires such disclosure. Prior to its adoption in 2006, companies were merely required to state whether a majority of their directors were independent, and some merely stated that fact rather than identifying their independent or non-independent directors (though for many of those independence could be largely deduced based on the disclosures in the proxy statement regarding independence of members of the primary board committees and director biography—particularly with smaller boards).

<sup>64</sup> Accordingly, family member relationships or other indicia of non-independence are not factored in for this purpose.

<sup>65</sup> Where a company did not provide enough information to determine the independence of each director (e.g., by affirmative statement or by elimination through biographical and committee membership information), the company was excluded from the data set for calculating the statistics based on the applicable stock exchange criteria.

# Methodology

Continued

presented information based on the applicable stock exchange standard (or a simplified three-year employment rule where that is not available).<sup>66</sup>

## Nominating and Governance Committees/Other Standing Committees

Generally, the companies surveyed have a unified committee with responsibility for both nominating and governance functions. However, a small number of companies have separate committees for nominating functions and for governance functions.<sup>67</sup> For statistical purposes, where separate committees existed, the data for the nominating committee were included (and data for the governance committee ignored) for the information presented in this report. Such separate governance committees were also ignored for purposes of the statistics for “Other Standing Committees” included in this report. Similarly, an exceedingly small number of companies have had a committee that combined the nominating function with the function of one of the other primary committees in a single committee.<sup>68</sup> In such rare instances, the data for that committee were included in the data set for each of the primary committees it comprised.<sup>69</sup> In addition, some companies have not formed a nominating committee,<sup>70</sup> and instead nomination decisions are made by the independent directors as a group.<sup>71</sup> In such instances, we excluded such companies from the data set for the nominating committee statistics. Further, with respect to the statistics regarding “Other Standing Committees” included in this report, we have disregarded “Stock Option,” “Equity

<sup>66</sup> For purposes of the lead director statistics, we have not applied this methodology. Rather, we have included any company as having a lead director if the proxy statement identified a specific director as having the title of “lead director,” “lead independent director” or “presiding director” (or a similar title). Generally, all such directors were independent under all of the methods we applied (including the applicable stock exchange independence requirement), though some were not under the “Ever” [a company officer] rule.

<sup>67</sup> While always rare, it has become increasingly less common over time.

<sup>68</sup> Such as a unified “Compensation and Corporate Governance Committee” that the proxy statement described as having nominating functions.

<sup>69</sup> E.g., data for a unified “Compensation and Corporate Governance Committee” that the proxy statement described as having nominating functions was included in the data for the Compensation Committee and the Nominating Committee with respect to that company.

<sup>70</sup> This was considerably more common, particularly in the SV 150, prior to the wave of governance reforms in the wake of the Sarbanes-Oxley Act of 2002.

<sup>71</sup> In some instances, particularly before the wave of governance reforms in the wake of the Sarbanes-Oxley Act of 2002, the nominating decisions were made by the board as a whole.

Incentive” and other committees whose sole (or almost exclusive) function is to approve grants to non-executive employees and consultants of the company.<sup>72</sup>

## Equity/Voting Power Ownership

The percentage of equity and voting power ownership statistics was based on beneficial ownership data presented in the Security Ownership of Certain Beneficial Owners and Management table,<sup>73</sup> as well as other information regarding voting and conversion rights included elsewhere in proxy statements and other filings with the SEC. A fair number of companies report aggregate ownership by all executive officers and directors as a group of “less than 1%” (whether measured as simply equity or voting ownership).<sup>74</sup> For purposes of calculating the average ownership statistics, companies that reported “less than 1%” ownership were treated as having ownership of 0.5% in the data set.<sup>75</sup>

<sup>72</sup> These “committees” generally consist of the CEO as the sole member or are made up of members of the company’s management team operating with delegated authority in order to relieve the board of the burden of routine grants of stock-based compensation. Consequently, they are not really indicative of general board operations.

<sup>73</sup> [Item 403 of Regulation S-K](#) (required by [Item 6\(d\) of Schedule 14A](#)).

<sup>74</sup> SEC regulations permit such reporting. In the 2022 season, this included approximately 79% of S&P 100 companies and 22% of SV 150 companies.

<sup>75</sup> Companies that reported an actual numerical ownership percentage that happened to be less than 1% were included in the data set with the numerical ownership percentage reported.

# Methodology

Continued

## Majority Voting

There are a variety of ways to implement majority voting. These range from strict majority voting provisions in the charter or bylaws that require a majority of “for” votes for a director to be elected (and if less than a majority, the director simply does not take, or loses, office) to various resignation policies implemented in corporate governance principles that simply require a director to tender a resignation if less than a majority of “for” votes are received, which may or may not be accepted by the board or nominating committee (which retains full discretion in making the decision)—with a range of variations in between (often implemented in bylaws), generally with contested elections retaining plurality voting. The effectiveness of any of these (including the charter implementations) is further affected by state laws that often provide for holding over of an incumbent even if a majority of “for” votes is not received (to prevent an unnecessary vacancy). Consequently, rather than attempt to illustrate the trends among the many variations, historically we have simply presented trend data regarding whether the companies surveyed have implemented any form of majority voting policy for uncontested elections (rather than simply utilizing strict plurality voting for all director elections).

In early 2017, the Council of Institutional Investors (CII), which advocates on behalf of pension funds and other employee benefit funds, as well as like-minded foundations and endowments, issued an FAQ on majority voting for directors, in which it identified the following continuum of director election voting schemes:<sup>76</sup>

- strict plurality;
- “plurality plus” board-rejectable resignation;
- majority voting with board-rejectable resignation; and
- consequential majority voting.

In this survey, we count the companies using the latter three categories as having some form of majority voting (the data presented in the graphs on page 33)—with the first category counted as not having majority voting. However, since the 2019 proxy

<sup>76</sup> See Council of Institutional Investors’ [“FAQ: Majority Voting for Directors”](#) for a more fulsome explanation and discussion of these classifications.

season, we have supplemented that information with a breakdown of the percentage of companies (in each group) that used majority voting fitting into each of the latter three CII categories (or for which there was insufficient information to determine the categorization).

## Dual-Class Structure

Generally, where a company has more than one class of stock and those classes have disparate voting rights, they were included in the data set as having a dual-class structure. However, in some instances companies may have a class of stock with disparate voting rights, but that class is incredibly small compared to the overall voting power represented by all voting stock or there are other indicia that the voting rights are not really effectively disparate.<sup>77</sup> In such cases, such companies were not included in the data set as having a dual-class voting stock structure.

## Executive Officer and Director Stock Ownership Guidelines

Generally, companies disclose whether they have, and details regarding, any stock ownership requirements for executive officers and directors in the Compensation Discussion and Analysis (CD&A) sections and Director Compensation sections of their proxy statements.<sup>78</sup> However, the SEC only began requiring that the CD&A section be included in proxy statements filed on or after December 15, 2006. Further, SEC rules do not strictly call for disclosure of director stock ownership requirements. In our experience, companies that had such executive officer or director ownership guidelines generally have disclosed them for stockholder-relations reasons even in the absence of such requirements. In addition, where a company later disclosed stock ownership requirements and provided a history of those guidelines that indicated that they were adopted in prior years, we have retroactively applied that information in our data set (even though those guidelines were not discussed in the proxy statement covering

<sup>77</sup> E.g., where the company might have a class of preferred stock outstanding in addition to its common stock and each share of preferred stock is entitled to more votes than each share of common stock, but the preferred stock is also convertible to common stock at the same ratio as the ratio of votes per share of preferred to votes per share of common. Some editorial judgment was necessarily applied in drawing such distinctions.

<sup>78</sup> Among the items that the SEC listed as examples of material elements of the company’s compensation for the named executive officers to be included in CD&A is “the company’s equity or other security ownership requirements or guidelines and any company policies regarding hedging the economic risk of such ownership.” See current Item 402(b)(2)(xiii) of Regulation S-K, which requires such disclosure.

# Methodology

## Continued

that prior period).<sup>79</sup> Consequently, we believe that the trend information regarding stock ownership guidelines presented in this report is fairly representative of company practices in this area.

### Executive Officers

SEC regulations define the term “executive officer” as a company’s “president, any vice president of the [company] in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the [company].”<sup>80</sup> A company’s determination of executive officers under this definition is an inherently factual one, with the focus less on a person’s title and more on his or her actual duties or substantive role within the company. The SEC staff will not provide advice or concurrence regarding a determination. So companies, with the advice of their counsel, must apply the facts, judicial decisions and various statements by the SEC staff when applying the rule.<sup>81</sup> We have not tried to second-guess these inherently subjective conclusions, and we have simply accepted the executive officer determinations made by companies and/or their boards as reflected in their SEC filings.<sup>82</sup> It is possible that the number of executive officers is effectively systematically underreported due to the timing of executive departures.<sup>83</sup>

<sup>79</sup> This was a fairly rare circumstance.

<sup>80</sup> See [Rule 3b-7 under the Securities Exchange Act of 1934](#), as amended. The rule goes on to provide that “[e]xecutive officers of subsidiaries [of a company] may be deemed executive officers of the [parent company] if they perform such policy making functions for the [parent company].”

<sup>81</sup> As noted in [“Study: Benchmarking the Number of ‘Executive Officers’”](#) by TheCorporateCounsel.net and Logix Data, “[i]n particular, determining whether a business unit, division or function is a ‘principal’ one—or whether a person’s sphere of responsibility involves significant policymaking—can be challenging. Internal company politics can play a role too. Sometimes people are deemed to be ‘executive officers’ even though they really do not have important functions or policymaking responsibilities, but are deemed as such because the company doesn’t want to tell them that their stature isn’t equal to others at the same level on the organization chart, etc.” Companies and their advisors often use as a starting point in this analysis an informal rule of thumb that any officer who reports directly to the CEO (or sometimes president) should be presumed to be an executive officer, absent meaningful substantive indicia to the contrary.

<sup>82</sup> As a practical matter, the judgment of who is an executive officer is made annually by the board of directors of most companies at the time the board approves the list of executive officers in connection with the filing of their Forms 10-K (or proxy statement).

<sup>83</sup> For example, if an executive officer resigns shortly prior to the filing of the company’s proxy statement and the company has not yet hired a replacement (even though it intends to do so—and in fact for most of the years preceding and succeeding the filing has a person filling the position of the departed executive), then that company may list one fewer executive officer in its proxy statement than it generally has in practice.

In some companies, a single executive may hold more than one of these positions, with such executive consequently counted in more than one of the types of executives when discussing executive officer makeup—but such executive is counted only once when discussing the overall number of executive officers.<sup>84</sup> In addition, some companies have more than one person holding positions with the same or overlapping titles,<sup>85</sup> in which case the position is counted only once when discussing executive officer makeup, but the executives are counted separately when discussing the overall number of executive officers.

### Gender

In almost all cases, the proxy statement or other company SEC filings clearly identify the gender of each of its executive officers and directors.<sup>86</sup> In a small number of instances, we resorted to limited supplemental research (apart from reviewing SEC filings) to identify gender.<sup>87</sup> This generally took the form of researching a relevant individual on freely available public sources.<sup>88</sup> We accepted the gender identifications in SEC filings or such supplemental sources at face value. Directors that were described as nonbinary in such filings or other sources were excluded when calculating the number and percentage of women directors.

### Outliers

For purposes of the distribution graphs (such as those at the bottom of page 9), outliers have been determined by applying a fence equal to 1.5 times the interdecile range (i.e., the difference between the first and ninth decile amounts multiplied by 1.5). Any result beyond that fence is shown as an outlier (represented by a ♦)

<sup>84</sup> E.g., a person with the title president and CFO or a person with the title GC and senior vice president of corporate development.

<sup>85</sup> E.g., co-presidents.

<sup>86</sup> I.e., through the use of the prefix “Mr.” or “Ms.” or pronouns “his” or “her” in the individual’s biographical description or elsewhere in the filing(s).

<sup>87</sup> Most typically these involved instances in which the prefix “Dr.” was consistently used (and the prefixes “Mr.” or “Ms.” or gendered pronouns were not).

<sup>88</sup> I.e., the bios for such individual on the relevant company’s web page or the web pages for other companies for which the individual serves as an executive officer or director, LinkedIn profiles, biographical profiles prepared by reputable online sources, etc.

# List of Companies Included

## SV 150 (By Rank)

1	Apple Inc	31	DoorDash Inc	61	RingCentral Inc	91	Penumbra Inc	121	Rambus Inc
2	Alphabet Inc	32	NetApp Inc	62	Okta Inc	92	Upstart Holdings Inc	122	Guardant Health Inc
3	Meta Platforms Inc	33	Concentrix Corp	63	Stitch Fix Inc	93	Alpha & Omega Semiconductor Ltd	123	Fastly Inc
4	Intel Corp	34	Intuitive Surgical Inc	64	Lumentum Holdings Inc	94	Five9 Inc	124	Gitlab Inc
5	TD SYNNEX Corp	35	Workday Inc	65	SMART Global Holdings Inc	95	Chegg Inc	125	SentinelOne Inc
6	HP Inc	36	Palo Alto Networks Inc	66	Synaptics Inc	96	Marqeta Inc	126	Accuray Inc
7	Cisco Systems Inc	37	Juniper Networks Inc	67	Nutanix Inc	97	FormFactor Inc	127	iRhythm Technologies Inc
8	Broadcom Inc	38	Synopsys Inc	68	Vir Biotechnology Inc	98	8x8 Inc	128	Nevro Corp
9	Uber Technologies Inc	39	Autodesk Inc	69	Exelixis Inc	99	Dynavax Technologies Corp	129	eHealth Inc
10	Netflix Inc	40	Fortinet Inc	70	Infinera Corp	100	Adeia Inc	130	Quantum Corp
11	Salesforce Inc	41	Zoom Video Communications Inc	71	Informatica Inc	101	Samsara Inc	131	Corcept Therapeutics Inc
12	PayPal Holdings Inc	42	Arista Networks Inc	72	Affirm Holdings Inc	102	Power Integrations Inc	132	Doximity Inc
13	Gilead Sciences Inc	43	Lyft Inc	73	Unity Software Inc	103	Udemy Inc	133	Zuora Inc
14	NVIDIA Corp	44	Twilio Inc	74	Robinhood Markets Inc	104	Harmonic Inc	134	ACM Research Inc
15	Applied Materials Inc	45	Splunk Inc	75	Zscaler Inc	105	Upwork Inc	135	Xperi Inc
16	Advanced Micro Devices Inc	46	Cadence Design Systems Inc	76	Omnicell Inc	106	RealReal Inc/The	136	PagerDuty Inc
17	Lam Research Corp	47	Coinbase Global Inc	77	Ichor Holdings Ltd	107	Confluent Inc	137	Ultragenyx Pharmaceutical Inc
18	Adobe Inc	48	Roku Inc	78	Dolby Laboratories Inc	108	QuinStreet Inc	138	Stem Inc
19	Block Inc	49	AppLovin Corp	79	Bloom Energy Corp	109	ContextLogic Inc	139	Ambarella Inc
20	Western Digital Corp	50	Pinterest Inc	80	Yelp Inc	110	Asana Inc	140	Innoviva Inc
21	Intuit Inc	51	Bio-Rad Laboratories Inc	81	LendingClub Corp	111	NerdWallet Inc	141	CareDx Inc
22	KLA Corp	52	Pure Storage Inc	82	GoPro Inc	112	Coursera Inc	142	Grid Dynamics Holdings Inc
23	eBay Inc	53	DocuSign Inc	83	Elastic NV	113	10X Genomics Inc	143	Intapp Inc
24	Sanmina Corp	54	Ultra Clean Holdings Inc	84	Box Inc	114	Invitae Corp	144	Veracyte Inc
25	Airbnb Inc	55	Enphase Energy Inc	85	Cloudflare Inc	115	Freshworks Inc	145	ThredUp Inc
26	Electronic Arts Inc	56	Dropbox Inc	86	NETGEAR Inc	116	Shockwave Medical Inc	146	SiTime Corp
27	Equinix Inc	57	ROBLOX Corp	87	New Relic Inc	117	Qualys Inc	147	A10 Networks Inc
28	ServiceNow Inc	58	Veeva Systems Inc	88	Guidewire Software Inc	118	Momentive Global Inc	148	Skillz Inc
29	Agilent Technologies Inc	59	BioMarin Pharmaceutical Inc	89	Calix Inc	119	HashiCorp Inc	149	Amyris Inc
30	Super Micro Computer Inc	60	Snowflake Inc	90	BILL Holdings Inc	120	ChargePoint Holdings Inc	150	C3.ai Inc

# List of Companies Included

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## S&P 100 (Alphabetically)

3M Company	Costco Wholesale Corporation	Mondelez International, Inc.	Thermo Fisher Scientific Inc.
Abbott Laboratories	CVS Health Corporation	Morgan Stanley	U.S. Bancorp
AbbVie Inc.	Danaher Corporation	Netflix, Inc.	Union Pacific Corporation
Accenture plc	Dow Inc.	NextEra Energy, Inc.	United Parcel Service, Inc.
Adobe Inc.	Duke Energy Corporation	NIKE, Inc.	UnitedHealth Group Incorporated
Advanced Micro Devices, Inc.	Eli Lilly and Company	NVIDIA Corporation	Verizon Communications Inc.
Alphabet Inc.	Emerson Electric Co.	Oracle Corporation	Visa Inc.
Altria Group, Inc.	Exelon Corporation	PayPal Holdings, Inc.	Walgreens Boots Alliance, Inc.
Amazon.com, Inc.	Exxon Mobil Corporation	PepsiCo, Inc.	Walmart Inc.
American Express Company	FedEx Corporation	Pfizer Inc.	Wells Fargo & Company
American International Group, Inc.	Ford Motor Company	Philip Morris International Inc.	
American Tower Corporation	General Dynamics Corporation	QUALCOMM Incorporated	
Amgen Inc.	General Electric Company	Raytheon Technologies Corporation	
Apple Inc.	General Motors Company	Salesforce, Inc.	
AT&T Inc.	Gilead Sciences, Inc.	Simon Property Group, Inc.	
Bank of America Corporation	Honeywell International Inc.	Starbucks Corporation	
Berkshire Hathaway Inc.	Intel Corporation	T-Mobile US, Inc.	
BlackRock, Inc.	International Business Machines Corporation	Target Corporation	
Booking Holdings Inc.	Johnson & Johnson	Tesla, Inc.	
Bristol-Myers Squibb Company	JPMorgan Chase & Co.	Texas Instruments Incorporated	
Broadcom Inc.	Linde plc	The Bank of New York Mellon Corporation	
Capital One Financial Corporation	Lockheed Martin Corporation	The Boeing Company	
Caterpillar Inc.	Lowe's Companies, Inc.	The Charles Schwab Corporation	
Charter Communications, Inc.	Mastercard Incorporated	The Coca-Cola Company	
Chevron Corporation	McDonald's Corporation	The Goldman Sachs Group, Inc.	
Cisco Systems, Inc.	Medtronic plc	The Home Depot, Inc.	
Citigroup Inc.	Merck & Co., Inc.	The Kraft Heinz Company	
Colgate-Palmolive Company	Meta Platforms, Inc.	The Procter & Gamble Company	
Comcast Corporation	MetLife, Inc.	The Southern Company	
ConocoPhillips	Microsoft Corporation	The Walt Disney Company	



# Additional Information

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## About Fenwick

Fenwick provides comprehensive legal services to leading technology and life sciences companies — at every stage of their lifecycle — and the investors who partner with them. We craft innovative, cost-effective and practical solutions in areas ranging from venture capital, public offerings, joint ventures, mergers and acquisitions, and strategic relationships to intellectual property, litigation and dispute resolution, taxation, antitrust, and employment and labor law. For 50 years, Fenwick has helped some of the world's most recognized companies become and remain market leaders. For more information, visit [fenwick.com](https://fenwick.com).

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## Data Collection Contributors

The data in this report for the 2018 through 2023 proxy seasons has been provided by [ESGAUGE](https://esgauge.com), a data mining and analytics firm designed for corporate practitioners and professional services firms.

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