Governance Report

WHAT FUTURE ARE YOU INVESTING IN?

Company Name:	Space Exploration Technologies Corp. (SpaceX)
Ticker:	N/A
Sector:	Industrials
Industry:	Aerospace & Defense
Year of Review:	Pre-IPO, Financial Year Assessed: FY2025 (Y/E 31 December 2025)

CATEGORY	SCORE	RATING
Governance Assessment	8%	Poor

*Assessment Framework and Scoring methodology in Appendix

Summary Scorecard

#	Criterion	Verdict	Status
2	Is the CEO separate to the Chairman/Chairperson/Chair?	No	●
3	Is there an Independent Chair, or Lead independent director?	No	●
4	Is the Audit Committee populated solely by independent Non-Executive Directors?	No	●
5	Is the Remuneration Committee populated by a majority of independent NEDs?	No	●
6	Is the Nominations Committee populated by a majority of independent NEDs?	No	●
7	Is the overall Board Composition at least two thirds independent Non-Executive Directors?	No	●
8	Does the Board Composition reflect a balanced mix of board tenures?	No	●
9	Does the Board Composition reflect a suitable diversity of skills, experience, age, and gender?	No	●
10	Are all board members elected annually?	Yes	●
11	Is an annual board appraisal conducted and presented in public reports?	No	●
12	Is Executive Remuneration fair, linked to performance, and long-term in nature?	No	●
13	Is there only a single class of the listed stock?	No	●
14	Is management's Capital Allocation track record good?	No	●

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Overall: 1 / 13 criteria met **| Corporate Governance Score: 8%**

SpaceX's corporate governance at the time of its June 2026 IPO is rated **Poor**, with a Corporate Governance Score of 8%. The company scores only 1 out of 13 assessed criteria. The governance profile is characterised by an extreme concentration of power in a single individual - Elon Musk, who simultaneously serves as CEO, CTO, and Chairman while controlling approximately 82.4% of the total voting power through a dual-class share structure with no sunset clause. The Board is critically deficient in independence: applying Delta Outcomes' 10-year tenure rule, only one of eight directors qualifies as independent. Committees are not independently constituted, and the company has explicitly invoked the Nasdaq 'controlled company' exemption to avoid standard independence requirements. Material related-party transactions - most notably the acquisition of xAI from Musk himself - compound these concerns. The only criterion met is annual board elections. SpaceX requires extensive engagement across virtually every governance dimension before it can be considered suitable for an institutional portfolio with governance standards.

1: Board of Directors

The following table sets out SpaceX's Board of Directors as constituted at the time of the IPO (June 2026). Years served are calculated to the end of the most recently completed financial year (31 December 2025). Ira Ehrenpreis and Randy Glein joined the Board in February 2026, after the end of FY2025, and therefore have 0 years served to the FY2025 year-end assessment date. There are no employee representatives on the SpaceX Board.

Independence is classified under Delta Outcomes' rules: any director serving more than 10 years, or affiliated with the company (presently or historically, directly or via subsidiary or major shareholder), is classified as Not Independent.

Name	Age	Gender	Classification	Committees	Year Started	Years Served	Notes
Elon Musk	54	Male	**Not Independent**	Compensation & Nominating (Chair effectively)	2002	23	CEO, CTO, Chairman. >10 years tenure. Founder/controlling shareholder.
Gwynne Shotwell	62	Female	**Not Independent**	None	2009	16	President & COO. Executive director. >10 years tenure.
Antonio J. Gracias	55	Male	**Not Independent**	Compensation & Nominating	2010	15	NED. >10 years tenure. Related party (Valor Mgmt). Affiliated (Tesla dir. 2007-2021, Neuralink, Boring Co.).
Luke Nosek	50	Male	**Not Independent**	Compensation & Nominating	2008	17	NED. >10 years tenure.
Donald Harrison	54	Male	**Not Independent**	None	2015	10	NED. 10 years tenure (strictly >10 rule: 2025-2015=10 - not more than 10, so independent by tenure). However affiliated: President Google, which has compute services agreement with SpaceX (material related party). Classified Not

Name	Age	Gender	Classification	Committees	Year Started	Years Served	Notes
							Independent due to affiliation.
Steve Jurvetson	59	Male	**Not Independent**	Audit	2009	16	NED. >10 years tenure. Affiliated (former Tesla director 2009-2020).
Ira Ehrenpreis	57	Male	**Not Independent**	Compensation & Nominating (Chair)	2026	<1	NED. <1 year at FY2025 year-end (joined Feb 2026, after FY end). Affiliated: serves on Tesla board alongside Musk.
Randy Glein	60	Male	**Independent**	Audit (Chair)	2026	<1	NED. <1 year at FY2025 year-end (joined Feb 2026, after FY end). No material affiliations identified.

Key observations: Of the eight directors, only Randy Glein is classified as Independent under Delta Outcomes' criteria. Ira Ehrenpreis, while having short tenure, is classified Not Independent due to his concurrent board service at Tesla alongside Musk. Donald Harrison is classified Not Independent due to his role as President, Global Partnerships & Corporate Development at Google LLC, which has a material compute services agreement with SpaceX. All other NEDs (Gracias, Nosek, Jurvetson) exceed 10 years of tenure and are classified Not Independent accordingly.

2: Is the CEO separate to the Chairman/Chairperson/Chair?

Verdict: No

Elon Musk serves simultaneously as Chief Executive Officer, Chief Technical Officer, and Chairman of the Board of SpaceX - he has held all three roles since the company's founding in May 2002. There is no separation between the executive leadership function and the board oversight function. This arrangement means there is no independent check at the apex of the company's governance structure, with the most senior executive simultaneously setting the board's agenda, chairing its deliberations, and controlling the outcome of virtually all board votes through his 82.4% voting power. The prospectus confirms this structure is codified in the company's charter, which stipulates that Musk can only be removed from these positions by a majority vote of Class B shareholders - a class of which he owns approximately 91.6% of the outstanding shares.

This requires engagement with the company, because in cases where the board is chaired and ultimately overseen by the Chief Executive Officer, this structure relinquishes the Board's ability to hold the Chief Executive Officer accountable when his/her duties have not been appropriately fulfilled.

3: Is there an Independent Chair, or Lead independent director?

Verdict: No

The Chairman of SpaceX is Elon Musk, who as founder, CEO, and principal shareholder is not independent by any applicable definition. The question therefore turns on whether the Board has appointed a Lead Independent Director. The prospectus contains no reference to the appointment of a Lead Director, and the Board Leadership Structure section confirms that "our board will continue to be led by Mr. Musk." No such role is described in the company's governance documents.

Even if one were to consider whether any existing director could fulfil such a role, the analysis under Section 1 demonstrates that only one director - Randy Glein - qualifies as independent under Delta Outcomes' criteria. However, Randy Glein is not described in the prospectus as having any Lead Director designation.

This requires engagement with the company, because an independent non-executive Chairman/Chairperson/Chair or Lead Director is important so that the Board represents the interests of the company and its stakeholders.

4: Is the Audit Committee populated solely by independent Non-Executive Directors?

Verdict: No

The prospectus states that the Audit Committee will initially comprise Randy Glein (Chair) and Steve Jurvetson, with a third member to be identified within the applicable one-year transition period. Applying Delta Outcomes' independence criteria:

- Randy Glein: Independent (joined February 2026; no material affiliations). He is qualified as an audit committee financial expert.
- Steve Jurvetson: Not Independent. He has served on the Board since March 2009 - a tenure of 16 years to the end of FY2025 - which exceeds the 10-year threshold. He additionally served as a director of Tesla from 2009 to 2020, an affiliated company.

Because Steve Jurvetson is not independent under Delta Outcomes' criteria, the Audit Committee is not populated solely by independent Non-Executive Directors. With the third member yet to be identified, there is further uncertainty about the ultimate committee composition.

This requires engagement with the company, because shareholders and creditors place significant emphasis on the statutory audit as a protection mechanism against errors, omissions, and potential wrongdoing by the company, and an independent and effective audit committee is vital to ensuring and protecting the integrity of the financial accounts.

5: Is the Remuneration Committee populated by a majority of independent Non-Executive Directors?

Verdict: **No**

SpaceX has combined its Compensation and Nominating functions into a single "Compensation and Nominating Committee" with three members: Ira Ehrenpreis (Chair), Antonio J. Gracias, and Luke Nosek. Applying Delta Outcomes' independence criteria:

- Ira Ehrenpreis: Not Independent. Although recently appointed (February 2026), Ehrenpreis concurrently serves on the Tesla board of directors alongside Elon Musk, which constitutes a cross-directorship affiliation under Delta Outcomes' independence rules.
- Antonio J. Gracias: Not Independent. Served since October 2010 (15 years). Additionally, his firm Valor Management LLC has had ongoing investment relationships with SpaceX, and he previously served as Lead Independent Director of Tesla alongside Musk.
- Luke Nosek: Not Independent. Served since July 2008 (17 years), well exceeding the 10-year threshold.

None of the three committee members qualifies as independent under Delta Outcomes' criteria. The company has expressly relied on the Nasdaq 'controlled company' exemption which exempts it from the requirement to have a compensation committee composed entirely of independent directors. The result is a compensation committee in which zero of three members are independent - a clear governance failure.

6: Is the Nominations/Nominating Committee populated by majority by independent Non-Executive Directors?

Verdict: **No**

As noted in Section 5, SpaceX combines its compensation and nominations functions into a single committee. The Compensation and Nominating Committee members are Ira Ehrenpreis, Antonio J. Gracias, and Luke Nosek. As established in Section 5, all three members are classified as Not Independent under Delta Outcomes' criteria, meaning none of the committee qualifies as independent for nominations purposes.

Furthermore, the committee's remit is structurally constrained by the dual-class share structure: the holders of Class B common stock (predominantly Musk) have the unilateral right to elect 51% of all directors regardless of the committee's recommendations. Director selection for the majority of board seats is therefore not genuinely within the committee's independent discretion. The company has invoked the Nasdaq controlled company exemption with respect to nominations committee independence requirements.

7: Is the overall Board Composition (specifically excluding any members elected by the employees (employee representatives) as Board members) at least two thirds independent Non-Executive Directors?

Verdict: No

There are no employee representatives on the SpaceX Board. The Board comprises 8 directors. Applying Delta Outcomes' independence classification:

- Not Independent (executive): Elon Musk (CEO/CTO/Chairman), Gwynne Shotwell (President/COO/Director) - 2 directors
- Not Independent (tenure >10 years): Antonio Gracias (15 years), Luke Nosek (17 years), Steve Jurvetson (16 years) - 3 directors
- Not Independent (affiliation): Donald Harrison (Google/SpaceX commercial relationship), Ira Ehrenpreis (Tesla board cross-directorship) - 2 directors
- Independent: Randy Glein - 1 director

Independent directors: 1 out of 8 = 12.5%. The two-thirds threshold requires at least 5.3 independent directors (i.e. 6 of 8). SpaceX is 5 independent directors short of this threshold. This is one of the most severe board independence deficiencies observed in any major listed company.

This requires engagement with the company, because board membership should comprise a balance of executive and non-executive directors who have broad experience and are able to act independently. The board should be composed of at least two-thirds independent directors in order to most effectively protect shareholders' interests.

8: Does the Board Composition (specifically excluding any members elected by the employees (employee representatives) as Board members) reflect a balanced mix of board tenures?

Verdict: **No**

Name	Year Appointed	Years Served	Tenure Band
Randy Glein	2026	<1	0–5 years
Ira Ehrenpreis	2026	<1	0–5 years
Donald Harrison	2015	10	5–10 years
Elon Musk	2002	23	>10 years
Gwynne Shotwell	2009	16	>10 years
Steve Jurvetson	2009	16	>10 years
Antonio J. Gracias	2010	15	>10 years
Luke Nosek	2008	17	>10 years

Tenure band summary:

- 0–5 years: 2 directors (Randy Glein, Ira Ehrenpreis) - both joined after the FY2025 year-end
- 5–10 years: 1 director (Donald Harrison, 10 years)
- >10 years: 5 directors (Musk 23 yrs, Nosek 17 yrs, Jurvetson 16 yrs, Shotwell 16 yrs, Gracias 15 yrs)

The Board's tenure profile is heavily skewed towards long-serving directors. Five of the eight directors have served for more than 10 years, accounting for 62.5% of the board. The two most recently appointed directors (Glein and Ehrenpreis) joined only in February 2026, after the FY2025 year-end, and therefore have no recorded service at the assessment date. The 5–10 year band is represented by a single director. This distribution is not balanced: the overwhelming dominance of entrenched, long-serving directors significantly constrains the board's ability to refresh perspectives and provide genuine independent challenge.

This requires engagement with the company, because a mix of tenures facilitates board refreshment and succession planning by avoiding sudden or frequent turnover of directors.

9: Does the Board Composition (specifically excluding any members elected by the employees (employee representatives) as Board members) reflect a suitable diversity of skills, experience, age, and gender?

Verdict: No

Gender Diversity

The Board comprises 7 male directors and 1 female director. The gender split is 87.5% male / 12.5% female. The sole female director is Gwynne Shotwell (President & COO), who brings exceptional industry-specific expertise and operational depth. However, at 12.5% female representation, the Board falls well short of best-practice benchmarks of 30–40% female representation. There are no female independent non-executive directors on the Board.

Age Diversity

Directors' ages (as disclosed) range from 50 (Luke Nosek) to 62 (Gwynne Shotwell), with Elon Musk at 54. The age range spans approximately 12 years, which is relatively narrow. There are no directors in their 30s or 40s, and no director over 62. The concentration in the 50–62 age bracket limits generational and experiential diversity.

Skills and Experience

The Board has strong coverage in venture capital, aerospace technology, and entrepreneurial leadership. However, material gaps exist:

- Finance/Accounting: Randy Glein (qualified as audit committee financial expert, CFO background) provides coverage. Limited independent financial oversight elsewhere.
- Legal/Regulatory: Donald Harrison (former VP and Deputy General Counsel of Google) brings legal experience, but classified Not Independent due to Google affiliations.
- Technology/AI: Musk and several VCs have deep technology exposure. AI governance expertise independent of management is limited.
- ESG/Sustainability: Ira Ehrenpreis of DBL Partners brings impact investing credentials. However, he is Not Independent under Delta Outcomes' criteria due to Tesla cross-directorship.
- Customer/Operational: Shotwell brings extensive operational experience. No independent director with relevant C-suite operational experience in aerospace or communications.
- Independent oversight: The near-total absence of independent directors materially limits the board's collective capacity for genuinely independent judgement across all dimensions.

While individual directors bring relevant expertise, the absence of gender diversity, limited age spread, and critically the near-complete lack of independent oversight renders the Board insufficiently diverse in the aggregate.

10: Are all board members elected annually?

Verdict: Yes

Yes. The prospectus confirms: "Our board will be subject to annual elections. Each director will hold office until the next annual meeting of our shareholders and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal." All directors are therefore subject to annual re-election at shareholder meetings.

It should be noted that the practical significance of annual elections is substantially diminished by the dual-class share structure: Musk controls 82.4% of total voting power and Class B shareholders (predominantly Musk) have the unilateral right to elect 51% of the board. Annual elections therefore provide limited shareholder accountability in practice.

11: Is an annual appraisal of the board's activities and effectiveness conducted, and are the results of this appraisal presented in the publicly available company reports?

Verdict: No

SpaceX is a newly listed company filing its first public registration statement. The S-1 prospectus does not disclose any process for conducting annual board performance appraisals, nor does it reference any results of prior effectiveness reviews. The company states its intention to adopt corporate governance guidelines in connection with the IPO, but no detail on board evaluation procedures is provided.

As a private company with a controlling founder-chairman, formal board appraisal processes are typically not conducted or publicly reported. The Compensation and Nominating Committee charter (to be adopted post-IPO) is expected to address committee evaluations, but the prospectus explicitly notes that the company will rely on the Nasdaq controlled company exemption from requirements to conduct "annual performance evaluations of the compensation and nominating committees." No evidence of a board appraisal process has been identified.

12: Is Executive Remuneration fair, linked to performance, and long-term in nature such that it is sufficiently aligned with shareholders?

Verdict: No

SpaceX's executive remuneration structure is highly unusual and raises material governance concerns across all three assessment dimensions: fairness, performance linkage, and long-term alignment.

Base Salaries (FY2025)

- Elon Musk (CEO/CTO/Chairman): $54,080 - unchanged since 2019; tied to historical California minimum salary for exempt employees.
- Gwynne Shotwell (President & COO): $1,080,127 (part in cash, part elected as RSUs). Total FY2025 compensation: $85,806,897 - dominated by stock option grant date fair values.
- Bret Johnsen (CFO): $825,000 base salary; total FY2025 compensation: $9,838,002.

Annual Bonus

No NEO participates in an annual bonus programme. There is no short-term incentive scheme. This is atypical and removes a structured annual performance accountability mechanism.

Long-Term Incentive Compensation

Musk: In January 2026, the Board granted Musk 1 billion performance-based restricted Class B shares (with full voting rights during the vesting period), vesting across 15 market capitalisation tranches from $500 billion to $7.5 trillion, with a further condition requiring the establishment of a permanent human colony on Mars with at least 1 million inhabitants. The company also assumed a further performance award from xAI, converting to 302 million Class B restricted shares with 12 market cap milestones and an orbital data centre condition. These awards are extraordinary in scale and the Mars colony condition is highly speculative, creating a structure that does not constitute a credible near-term performance accountability mechanism.

Shotwell: Received stock options with vesting over 5–6 years, partially tied to continued employment. A special retention grant of options over 3.5 million shares (grant date fair value $76.8 million) was made in October 2025. Vesting is largely time-based rather than against stretching financial KPIs.

Johnsen: Stock options, including 4 million options with performance conditions tied to adjusted EBITDA thresholds - none of which vested for FY2025. This is more conventional in design, though the thresholds were amended in early 2026.

Governance Process

Historically, Musk alone determined compensation for other NEOs, with no independent committee involvement. The newly formed Compensation and Nominating Committee (none of whose three members are independent under Delta Outcomes' criteria) will oversee compensation going forward, but this does not resolve the independence deficit. No Glass Lewis or ISS report has been filed for this pre-IPO company.

Assessment

On balance, the remuneration structure fails all three tests. Fairness is compromised by the unprecedented scale of Musk's awards and the speculative nature of performance conditions. Performance linkage is weak for Musk (the most powerful executive) and only partially present for Shotwell. The long-term vesting structure for non-Musk executives has some merit, but the absence of an independent remuneration committee and the lack of rigorous, transparent KPI-linked hurdles for the CEO award means the overall structure does not meet the standard required.

13: Is there only a single class of the listed stock?

Verdict: No

No. SpaceX will have two classes of common stock upon completion of the IPO: Class A and Class B. Class A shares carry 1 vote per share and will be the shares made available to public investors. Class B shares carry 10 votes per share and can only be held by Elon Musk and certain of his affiliates. A third class, Class C (non-voting), existed pre-IPO as the equity plan currency and will be reclassified into Class A common stock on a one-for-one basis at IPO.

The voting disparity is extreme: Musk holds approximately 91.6% of Class B shares outstanding, giving him approximately 82.4% of total voting power post-IPO, while Class A shareholders (including all public investors) control approximately 17.6% of total votes. Class B holders vote separately as a class and have the right to elect 51% of all board directors, regardless of the Class A vote.

There is no sunset clause disclosed in the prospectus that would cause the dual-class structure to expire after a period of time or upon a triggering event. This is contrary to best practice as highlighted by multiple institutional investor governance guidelines, which recommend that dual-class structures include a maximum 7-year sunset provision. Morningstar's institutional investor commentary explicitly flags this dual-class structure without sunset as a primary governance concern at the SpaceX IPO.

14: Is management's Capital Allocation track record good?

Verdict: No

As a newly listed company with its first public financial statements, only three full fiscal years of audited data are available (FY2023–FY2025). ROIC is calculated as NOPAT / Invested Capital, where NOPAT = EBIT × (1 − 21% tax rate) and Invested Capital = Total Assets less cash less non-interest-bearing current liabilities.

Year	EBIT ($M)	NOPAT ($M)	Invested Capital ($M)	ROIC
FY2025	(2,589)	(2,045)	~46,860	**−4.4%**
FY2024	466	368	~34,258	**1.1%**
FY2023	(3,505)	(2,769)	~22,000 (est.)	**~−12.6%**
COE Benchmark	-	-	-	**9.0%**

ROIC has not exceeded Delta Outcomes' cost of equity benchmark of 9% in any of the three available financial years. In FY2023 and FY2025, ROIC was deeply negative due to large operating losses. FY2024 was the only profitable year across the period, reflecting the first year of significant Starlink cash generation, but even in that year ROIC reached only 1.1% against the 9% COE benchmark.

The FY2025 operating loss of $2.6 billion reflects a sharp increase in R&D spend to $8.6 billion (from $3.5 billion in FY2024), primarily driven by Starship development and AI infrastructure investment. While this level of investment may represent a rational long-term capital allocation decision given the growth opportunities in front of the business - and Morningstar assigns an 'Exemplary' Capital Allocation rating reflecting management's track record of transformative reinvestment - the ROIC measure as defined by Delta Outcomes' criteria has not been met over the available period.

The criterion is assessed as No on a strict application of the ROIC vs COE framework. The trajectory of Starlink's Segment Adjusted EBITDA (growing from $1.6 billion in FY2023 to $7.2 billion in FY2025) is an encouraging indicator, but does not yet translate to a group-level ROIC above the 9% hurdle.

Sources:

S-1 Registration Statement / Preliminary Prospectus (filed June 2026); IPO Roadshow Presentation (5 June 2026); SpaceX IPO Factsheet; SpaceX Board of Directors Disclosure (as of 1 May 2026).

APPENDIX

Governance Assessment Framework

Delta Outcomes Limited applies stringent requirements for corporate governance based on what we believe constitutes 'best practice' and ensures management teams act with integrity, follow sound corporate governance principles, and act on behalf of all shareholders. Key to these requirements is the independence of Board members, where our classification of non-independence includes the following:

- If the Board member represents a significant provider of financial capital to the company or a shareholder (5% plus or owns securities in the company, the value of which is material to the personal wealth of the director) or is an officer, employee or a representative of such a provider / shareholder
- A three-year cooling off period is recommended if the Board member had a material relationship with the company, e.g. was previously an audit partner / legal advisor to the company / an executive of the company
- Is a member of the Board of a significant customer of or supplier to the investee company
- Is a member of the Board of a related party to the investee company
- Is entitled to remuneration contingent on the performance of the organisation
- Has close family ties through the company's advisors, directors, senior employees or business relations
- Holds cross directorships with other directors through involvements in other companies, bodies or business enterprises
- Board member tenure of longer than 10 years (note that such directors may remain on the board provided that the majority (2/3) of the directors of the board remain independent)

The board should be composed of at least two-thirds independent directors in order to most effectively protect shareholders' interests. A mix of tenures facilitates board refreshment and succession planning by avoiding sudden or frequent turnover of directors. As a guideline, the recommended board tenure composition is given in the table below, but a reasonable mix across the three tenure categories is deemed appropriate.

Tenure	% of directors
1-5 years	30-40%
5-10 years	30-40%
10+ years	Less than 1/3 (to comply with the 2/3 Independence requirement)

Governance Assessment score methodology

The Delta Outcomes Limited proprietary Governance Assessment score is an average score based on the answers to the 13 questions assessed, where, for each question:

Yes = 100%

No = 0%

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Important Information

Delta Outcomes Limited

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