Comparison of Significant Views on Corporate Governance Practice: BRT, NACD, ICGN and CII

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** Under NYSE Listing Rules as approved by the Securities & Exchange Commission on November 4, 2003, and revised on November 3, 2004, domestic listed companies are required to adopt and disclose corporate governance guidelines addressing: director responsibilities; director qualification standards; director orientation and continuing education; director compensation; annual board performance evaluation; director access to management; management succession; and board access, as necessary and appropriate, to independent advisors. The double asterisk next to a heading indicates a topic that must be addressed in a domestic listed company's guidelines.

BRT Principles[1]	NACD Report[2]	ICGN Principles[3]	CII Policies[4]
I. Overview			
The Business Roundtable ("BRT") is an association of approximately 160 CEOs of leading corporations with a combined workforce of more than 10 million employees and $U.S. 4 trillion in revenues. It issued "Principles of Corporate Governance" in May 2002, and revised them in November 2005. *The BRT Principles are an update of the "Statement on Corporate Governance" (September 1997), which updated "Corporate Governance and American Competitiveness" (March 1990), which in turn updated "The Role and Composition of the Board of Directors of the Large Publicly-Owned Corporation" (January 1978).* *Other BRT publications on corporate governance include "Executive Compensation: Principles and Commentary" (November 2007), "Guidelines on Shareholder-Director Communications"(May 2005), "The Nominating Process and Corporate Governance Committees: Principles and Commentary" (April 2004), "Executive Compensation/Share Ownership" (March 1992) and "Statement on Corporate Responsibility" (October 1981).*	*The Report of the National Association of Corporate Directors ("NACD") Commission on Director Professionalism, chaired by Ira M. Millstein, discusses governance practices designed to promote a culture of "professionalism" for boards and board members. The NACD Report (1996, reissued unchanged in 2001 and again in 2005) is intended to be forward-looking and aspirational. It recognizes that board practices are evolving and will continue to evolve.* The Report grants the premise that each corporation has its unique history and perspectives, and its own future to plan. Fixed, rigid rules of board governance are not, therefore, in order. The Report suggests that qualified directors collectively make their own rules for the governance of their respective boards, and it strongly urges that they do so after thoughtful and rigorous deliberation.... In no sense is this a "*one-size-fits-all*" approach; rather, it is a sophisticated "*do-it-yourself*" process for board members seeking a culture of boardroom professionalism. (Introduction by Ira M. Millstein, pp. 1-2)	*The International Corporate Governance Network (ICGN) was founded in 1995 by representatives of a number of large institutional investors as an international network for sharing viewpoints and information about corporate governance With membership open to investors and others with an interest in corporate governance, the ICGN (among other things) promotes the development of effective standards of corporate governance.* *The ICGN Statement on Global Corporate Governance Principles, adopted in 1999 and revised in 2005, endorses the OECD Principles of Corporate Governance(first adopted in 1998, and later revised in 2004) and provides further guidance of relevance to investors, managers, directors and regulators in the interest of promoting affective governance.*	*Founded in 1985, the Council of Institutional Investors ("CII") is an organization of large public, Taft-Hartley and corporate pension funds. CII's objectives are to encourage member funds, as major shareholders, to take an active role in protecting plan assets and to help member funds increase the return on their investments as part of their fiduciary obligations. Currently, CII has more than 140 pension fund members, whose cumulative assets under management exceed US$3 trillion.* *The CII Policies, adopted in March 1998 and regularly updated, bind neither members nor corporations. They are designed to provide guidelines that CII has found to be appropriate in most situations.*

[1] The Business Roundtable, Principles of Corporate Governance (May 2002, revised November 2005).
[2] National Association of Corporate Directors ("NACD"), Report of the NACD Blue Ribbon Commission on Director Professionalism (November 1996, reissued 2001, 2005).
[3] International Corporate Governance Network (ICGN), ICGN Statement on Global Corporate Governance Principles (1999, revised 2005).
[4] Council of Institutional Investors, Corporate Governance Policies (March 1998, most recently revised April 2008).

BRT Principles	NACD Report	ICGN Principles	CII Policies
I. a. The Corporate Objective[5] (Including the Role of Stakeholders[6])			
[I]t is the responsibility of management to operate the corporation in an effective and ethical manner to produce value for shareholders. (p. 2) Directors monitor management on behalf of the corporation's shareholders. (p. 7)	The objective of the corporation (and therefore of its management and board of directors) is to conduct its business activities so as to enhance corporate profit and shareholder gain.	The overriding objective of the corporation should be to optimize over time the returns to its shareholders. Corporate governance practices should focus board attention on this objective. In particular, the company should strive to excel in comparison with the specific equity sector peer group benchmark. Where other considerations affect this objective, they should be clearly stated and disclosed. (Principle 1.1) To achieve this objective, the board should develop and implement a strategy for the corporation which improves the equity value over the long term. (Principle 1.2)	*Not covered directly, but see* p. 2 (In general, the Council believes that corporate governance structures and practices should protect and enhance accountability to, and ensure equal financial treatment of, shareowners. An action should not be taken if its purpose is to reduce accountability to shareowners.). *See also* p. 2 (The Council believes good governance practices should be followed by publicly traded companies, private companies and companies in the process of going public.).
[I]t is the responsibility of the corporation to deal with its employees, customers, suppliers and other constituencies in a fair and equitable manner. (p. 3) Corporations are often said to have obligations to shareholders and other constituencies, including employees, the communities in which they do business, and government, but these obligations are best viewed as part of the paramount duty to optimize long-term shareholder value. Business Roundtable believes that shareholder value is enhanced when a corporation treats its employees well, serves its customers well, fosters good relationships with suppliers, maintains an effective compliance program and strong corporate governance practices, and has a reputation for civic responsibility. (p. 31) It is in a corporation's best interest to treat employees fairly and equitably. (p. 33) Corporations have obligations to be good citizens of the local, national and international	In consultation with the CEO, the board should clearly define its role, considering both its legal responsibilities to shareholders and the needs of other constituencies, provided shareholders are not disadvantaged. (p. 21)	The board is accountable to shareholders and responsible for managing successful and productive relationships with the corporation's stakeholders. The ICGN concurs in the view that active cooperation between corporations and stakeholders is essential in creating wealth, employment and financially sound enterprises over time. (Principle 7.1) Corporations should disclose their policies on issues involving stakeholders. (Principle 7.3) Corporations are encouraged to develop performance-enhancing mechanisms which align employee interests with shareholder and other stakeholder interests. These include broad-based employee share ownership plans or other profit-sharing programs that are designed to enable employees to share in improved returns to shareholders. (Principle 7.4)	The Council believes companies should adhere to responsible business practices and practice good corporate citizenship. Promotion, adoption and effective implementation of guidelines for the responsible conduct of business and business relationships are consistent with the fiduciary responsibility of protecting long-term investment interests. (p. 2) The [compensation] committee should ensure that the structure of employee compensation throughout the company is fair, non-discriminatory and forward-looking, and that it motivates, recruits and retains a workforce capable of meeting the company's strategic objectives. (p. 10) The [compensation] committee should also ensure that the structure of pay at different levels (CEO and others in the oversight group, other executives and nonexecutive employees) is fair and appropriate in the context of broader company policies and goals and fully

[5] *See* American Bar Association, Corporate Director's Guidebook (5th ed. 2007) (hereinafter "2007 ABA Guidebook") at 11 ("A business corporation's core objective is to create and increase wealth for its shareholders."); *id*. at 13 ("The board's principal responsibilities are to select the top management for the corporation, plan for succession, and provide general direction and guidance with respect to the corporation's strategy and management's conduct of business."); The Business Roundtable, Statement on Corporate Governance (September 1997) (hereinafter "1997 BRT Statement") at 1 ("[T]he principal objective of a business enterprise is to generate economic returns to its owners."); The Business Roundtable, Statement on Corporate Governance and American Competitiveness (1990) (hereinafter "1990 BRT Statement") at 7 ("The boards of directors of American corporations play a central role in corporate governance. Their principal responsibility is to exercise governance so as to ensure the long-term successful performance of their corporation.").

[6] *See* 2007 ABA Guidebook at 13 ("A number of state corporation statutes expressly allow the board to consider the interests of employees, suppliers, and customers, as well as the communities in which the corporation operates and the environment. Although the board may consider the interests of these other constituencies, the board is accountable primarily to shareholders for the performance of the corporation. Non-shareholder constituency considerations are best understood not as independent corporate objectives but as factors to be taken into account in pursuing the best interests of the corporation.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
I. a. The Corporate Objective[5] (Including the Role of Stakeholders[6])			
communities in which they do business. Failure to meet these obligations can result in damage to the corporation, both in immediate economic terms and in longer-term reputational value. (p. 33) Corporations have an important perspective to contribute to the public policy dialogue and should be actively involved in discussions about the development, enactment and revision of the laws and regulations that affect their businesses and the communities in which they operate and their employees reside. (p. 34) *See generally* Employees (p. 33), Communities (pp. 33-34) *and* Government (p. 34).			justified and explained. (p. 10)

BRT Principles	NACD Report	ICGN Principles	CII Policies
I. b. The Key Players – 1. The Role of Shareholders			
Shareholders are not involved in the day-to-day management of corporate operations but have the right to elect representatives (directors) to look out for their interests and to receive the information they need to make investment and voting decisions. The board should be responsive to communications from shareholders and should address issues of concern to shareholders. (p. 5)	*Not covered.*	Shareholders should have the right to participate in key corporate governance decisions, including the right to nominate, appoint and remove directors on an individual basis as well as the external auditor and the right to approve major decisions…. Jurisdictions which do not have laws enabling the appointment and removal of a director or an external auditor by shareholders holding a majority of votes should enact them. Companies incorporated in such jurisdictions should nevertheless strive to provide such rights to shareholders. (Principle 4.5) Major changes to the core businesses of a corporation and other major corporate changes which may in substance or effect materially dilute the equity or erode the economic interests or share ownership rights of existing shareholders, including major acquisitions and major dispositions and closures of businesses, should not be made without prior shareholder approval of the proposed change. The equity component of compensation schemes for board members and employees should be subject to shareholder approval. Further, corporations should not implement shareholder rights plans or so called “poison pills” without shareholder approval. In addition, changes to the articles or by-laws of the corporation should not be made without prior shareholder approval. Shareholders should be given sufficient information about any such corporate changes, in sufficient time to allow them to make an informed judgment and exercise their voting rights. (Principle 4.9)	The Council believes shareowners should have meaningful ability to participate in the major fundamental decisions that affect corporate viability and meaningful opportunities to suggest or nominate director candidates and to suggest processes and criteria for director selection and evaluation. (p. 2)

BRT Principles	NACD Report	ICGN Principles	CII Policies
I. b. The Key Players – 2. The Role of the Board of Directors[7]			
The business of a corporation is managed under the direction of the corporation's board. The board delegates to the CEO – and through the CEO to other senior management – the authority and responsibility for managing the everyday affairs of the corporation. First, the paramount duty of the board of directors of a public corporation is to select a chief executive officer and to oversee the CEO and senior management in the competent and ethical operation of the corporation on a day-to-day basis. (p. 2)	[E]ach board has the freedom – and, the Commission believes, the obligation – to define its role and duties in detail…. In pursuing this corporate objective, the board's role is to assume accountability for the success of the enterprise by taking responsibility for the management, in both failure and success. This means selecting a successful corporate management team, overseeing corporate strategy and performance, and acting as a resource for management in matters of planning and policy. (p. 3) Among the most important missions of the board is ensuring that shareholder value is both enhanced through corporate performance and protected through adequate internal financial controls. (p. 10) [B]oard responsibilities include: • approving a corporate philosophy and mission • selecting, monitoring, evaluating, compensating, and – if necessary – replacing the CEO.... • reviewing and approving management's strategic and business plans.... • reviewing and approving the corporation's financial objectives, plans, and actions.... • reviewing and approving material transactions not in the ordinary course of business • monitoring corporate performance against the strategic and business plans • ensuring ethical behavior and compliance with laws.... • assessing its own effectiveness.... [and\ • performing such other functions as are prescribed by law. (pp. 3-4)	The board's duties and responsibilities and key functions, for which they are accountable, include those set out below: 1. Reviewing, approving and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures. 2. Monitoring the effectiveness of the company's governance practices and making changes as needed…. 3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning. 4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders. 5. Ensuring a formal and transparent board nomination and election process. 6. Monitoring and managing potential conflicts of interest…. 7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards. 8. Overseeing the process of disclosure and communications. (Principle 5.1) Members of the boards of directors or supervisory boards are fiduciaries who must act in the best interests of all of the shareholders or in the best interests of the	Boards should take actions recommended in shareowner proposals that receive a majority of votes cast for and against. If shareowner approval is required for the action, the board should submit the proposal to a binding vote at the next shareowner meeting…. Directors should respond to communications from shareowners and should seek shareowner views on important governance, management and performance matters. All directors should attend the annual shareowners meeting and be available, when requested by the chair, to answer shareowner questions…. [A]ll companies should establish a mechanism by which shareowners with non-trivial concerns could communicate directly with all directors, including independent directors. (p. 3) [I]ndependence is critical to a properly functioning board. (p. 21)

[7] Under NYSE Listing Rules, domestic listed companies are required to adopt and disclose corporate governance guidelines that clearly articulate the responsibilities of directors. WGM Comparison of Sarbanes Oxley, SEC and Listing Rule Provisions Related to the Composition and Functioning of the Board of Directors of a Publicly Traded-Company attached as Appendix B to Key Agreed Principles of Corporate Governance for U.S. Publicly-Traded Companies (hereinafter "Appendix B") at 18. *See* 2007 ABA Guidebook at 12 ("In general, state laws provide that all corporate powers shall be exercised by or under the authority of the board of directors of the corporation, and its business and affairs shall be managed by or under the direction of, and subject to the oversight, the board. State corporate statutes emphasize the board's responsibility to oversee the management of the corporation."); 1990 BRT Statement at 7 ("The board of directors has five primary functions: 1. Select, regularly evaluate and, if necessary, replace the chief executive officer. Determine management compensation. Review succession planning. 2. Review and, where appropriate, approve the financial objectives, major strategies, and plans of the corporation. 3. Provide advice and counsel to top management. 4. Select and recommend to shareholders for election an appropriate slate of candidates for the board of directors, evaluate board processes and performance. Review the adequacy of systems to comply with all applicable laws/regulations."); Korn/Ferry International, 33rd Annual Board of Directors Study (2006) (hereinafter "2006 Korn/Ferry Study") at 20 ("Events occurring in 2006 introduced several terms into the vernacular of corporate governance, stock options backdating and pretexting among them. Directors responding in the Americas were undeterred by the ensuing shockwaves and remained focused on their fiduciary duties.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
I. b. The Key Players – 2. The Role of the Board of Directors[7]			
	Boards should periodically review board and CEO role descriptions to accommodate changes in corporate governance and company operations. (p. 6) *See generally* Chapter 2, How Boards Should Fulfill Their Responsibilities, pp. 5-8. *See also* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD LEADERSHIP (2004).	corporation and are accountable to the shareholder body as a whole. As fiduciaries directors owe a duty of loyalty to the corporation and must exercise reasonable care in relation to their duties as directors. (Principle 5.3)	

BRT Principles	NACD Report	ICGN Principles	CII Policies
I. b. The Key Players – 3. The Role of Managers			
It is the responsibility of the CEO and senior management, under the CEO's direction, to operate the corporation in an effective and ethical manner. As part of its operational responsibility, senior management is charged with: • Operating the corporation… • Annual operating plans and budgets…. • Selecting qualified management, and establishing an effective organizational structure.… • Identifying and managing risks…. • Accurate and transparent financial reporting and disclosures…. The CEO and senior management are responsible for operating the corporation in an ethical manner. They should never put individual, personal interests before those of the corporation or its shareholders. [W]hen carrying out this function, corporations should have: • A CEO of integrity…. • A strong, ethical "tone at the top"…. • An effective compliance program…. (pp. 10-12)	*Not covered.*	*Not covered directly but see p.2* (The ICGN believes that improved governance should be the objective of all participants in the corporate governance process, including … corporate officers….).	*Not covered.*

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – a. Director Selection – 1. Board Membership Criteria/Director Qualification Standards[8]			
Business Roundtable believes that having directors with relevant business and industry experience is beneficial to the board as a whole. Directors with this experience can provide a useful perspective on significant risks and competitive advantages and an understanding of the challenges facing the business. A diversity of backgrounds and experience, consistent with the corporation's needs, also is important to the overall composition of the board. Because the corporation's need for particular backgrounds and experience may change over time, the board should monitor the mix of skills and experience that directors bring to the board against established board membership criteria to assess, at each stage in the life of the corporation, whether the board has the necessary tools to perform its oversight function effectively. (p. 13) Planning for the departure of directors and the designation of new board members is essential. The board should plan ahead for changes in membership, and it should have written criteria for director candidates that should be re-evaluated periodically. (p. 29)	To be considered for board membership, <u>individual directors</u> should possess all of the following <u>personal characteristics</u>: Integrity and Accountability.... Informed Judgment…. Financial Literacy.... Mature Confidence.... [and] High Performance Standards.... (pp. 9-10) The Commission recommends that <u>the board as a whole</u> should possess all of the following <u>core competencies</u>, with each candidate contributing knowledge, experience, and skills in at least one domain: • Accounting and Finance.... • Business Judgment.... • Management.... • Crisis Response.... • Industry Knowledge.... • International Markets.... • Leadership.... [and] • Strategy/Vision…. (pp. 10-11) Boards should seriously consider ... the distinctive skills, perspectives, and experiences that candidates diverse in gender, ethnic background, geographic origin and professional experience ... can bring to the boardroom. (p. 15) *See* p. 14 (To have greater congruence with shareholders' interests, candidates should be prepared to own a significant equity position in the company….).	The board should ensure that it is made up of directors with the requisite range of skills, knowledge and experience to enable it to discharge its duties and responsibilities. (Principle 5.2) One of the principal features of a well-governed corporation is the exercise by its board of directors of independent judgment. (Principle 5.4) Each board should include a strong presence of independent nonexecutive directors with appropriate competencies including key industry sector knowledge and experience. (Principle 5.7) Corporations should disclose upon nomination or appointment to the board and thereafter in each annual report or proxy statement information on the identities, core competencies, professional or other backgrounds, recent and current board and management mandates at any other corporations, factors affecting independence, board and committee meeting attendance and overall qualifications of board members and nominees so as to enable investors to weigh the value they add to the company. Information on the appointment procedure should also be disclosed annually. (Principle 5.9)	On a regular basis, the board should evaluate its current skills, competencies and diversity of backgrounds, experiences, ages, races and genders in order to identify existing gaps and those that future vacancies could create. Boards should establish clear procedures to encourage and process board nomination suggestions from long-term shareowners and should respond positively to requests seeking to open dialogues to air and share thoughts and concerns regarding incumbent and potential directors…. Boards should review the performance and qualifications of any director from whom at least 10 percent of the votes cast are withheld. (p. 4) *See* p. 2 (The Council … believes shareowners should have … meaningful opportunities … to suggest processes and criteria for director selection and evaluation.).

[8] Under NYSE Listing Rules, domestic listed companies are required to adopt and disclose corporate governance guidelines that clearly articulate the responsibilities of directors. <u>Appendix B</u> at 18. *See* <u>2007 ABA Guidebook</u> at 12 ("In general, state laws provide that all corporate powers shall be exercised by or under the authority of the board of directors of the corporation, and its business and affairs shall be managed by or under the direction of, and subject to the oversight, the board. State corporate statutes emphasize the board's responsibility to oversee the management of the corporation."); <u>1990 BRT Statement</u> at 7 ("The board of directors has five primary functions: 1. Select, regularly evaluate and, if necessary, replace the chief executive officer. Determine management compensation. Review succession planning. 2. Review and, where appropriate, approve the financial objectives, major strategies, and plans of the corporation. 3. Provide advice and counsel to top management. 4. Select and recommend to shareholders for election an appropriate slate of candidates for the board of directors, evaluate board processes and performance. Review the adequacy of systems to comply with all applicable laws/regulations."); Korn/Ferry International, <u>33rd Annual Board of Directors Study</u> (2006) (hereinafter "<u>2006 Korn/Ferry Study</u>") at 20 ("Events occurring in 2006 introduced several terms into the vernacular of corporate governance, stock options backdating and pretexting among them. Directors responding in the Americas were undeterred by the ensuing shock waves and remained focused on their fiduciary duties.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – a. Director Selection – 2. Nomination and Director Invitation Procedures[9]			
The corporate governance committee … should select and recommend to the board qualified director candidates for election by the corporation's shareholders. (p. 3) It is the responsibility of the board, through its corporate governance committee, to nominate directors and committee members and to oversee the composition, independence, structure, practices and evaluation of the board and its committees. (p. 9) *See* THE BUSINESS ROUNDTABLE, THE NOMINATING PROCESS AND CORPORATE GOVERNANCE COMMITTEES: PRINCIPLES AND COMMENTARY (April 2004).	Boards should establish a wholly independent committee that is responsible for … nominating directors for board membership…. (p. 5) Boards should involve all directors in all stages of the CEO and board member selection and compensation processes. (p. 6) Boards should institute as a matter of course an independent director succession plan and selection process, through a committee or overseen by a designated director or directors. (p. 7) In selecting members, the board must assure itself of their commitment to: • learn the business of the company and the board • meet the company's stock ownership requirements • offer to resign on change of employment or professional responsibilities, or under other specified conditions, and • importantly, devote the necessary time and effort. (p. 22) *See generally* Chapter 3, Selection: Who Directors Should Be, pp. 9-16.	Corporations should disclose upon nomination or appointment to the board and thereafter in each annual report or proxy statement information on the identities, core competencies, professional or other backgrounds, recent and current board and management mandates at any other corporations, factors affecting independence, board and committee meeting attendance and overall qualifications of board members and nominees so as to enable investors to weigh the value they add to the company. Information on the appointment procedure should also be disclosed annually. (Principle 5.9) Each director should stand for election on a regular basis and, in any event, at least once every three years and shareholders should be entitled to vote on the election of each director separately. (Principle 5.10)	The Council … believes shareowners should have … meaningful opportunities to suggest or nominate director candidates and to suggest processes and criteria for director selection…. (p. 2) *See* p. 4 (Absent compelling and stated reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two consecutive years should not be renominated.).

[9] Under NYSE Listing Rules, domestic listed companies (subject to certain exemptions for "controlled companies") are required to have an independent nominating/corporate governance committee with a written charter setting forth the committee's purpose, which must include (i) identifying individuals who are qualified to become board members consistent with criteria that were approved by the full board, and (ii) selecting, or recommending that the board select, the director nominees for election at the next annual meeting of shareholders. Appendix B at 14. *See* 2007 ABA Guidebook at 84 ("The nominating/corporate governance committee approves and selects, or recommends that the board select, director nominees, including both incumbent directors and new candidates. The committee also recommends candidates to be elected by the board to fill an interim director vacancy."); 1997 BRT Statement at 7, 16 ("It is the board's responsibility to nominate directors…. The nominating/governance committee is typically responsible for ... reviewing possible candidates for board membership ... and recommending a slate of nominees."); 1994 NACD Report at 10 (The Nominating Committee should evaluate the profile of the board and discuss it with the CEO and the rest of the board, forming a consensus on the number of additional directors to be added at the time and the ideal set of job skills. The Nominating Committee, with input from the entire board, should make a list of candidates. The CEO should have input into the process as well. Once a list of candidates has been established, the members of the Nominating Committee, the Chairman and CEO should meet with each candidate to evaluate his or her suitability. The Nominating Committee can recommend a candidate to the board, or the board as a whole make the selection, based on the Nominating Committee's advice.); 2007 NACD Survey at 30 (Respondents found the following professional experience critical when recruiting outside directors: senior executives within the company's industry (21.8%); other experience (13.7%); senior executives from outside of the company's industry (11.8%); and professional service advisors (6.0%).); *id*. at 26 (90.4% of large-cap companies reported having a nominating/governance committee entirely composed of independent outside directors, while 85.6% of mid-cap companies and 79.3% of small-cap companies reported the same.); 2006 Korn/Ferry Study at 12 ("Evidence of the hard-fought battle to achieve independence from management and the elimination of interlocking boards is found in the composition of FORTUNE 1000 boardrooms. The presence of CEOs and COOs from other companies in these boardrooms decreased, from 82 percent in 1995 to 79 percent in 2006. This is a continuation of a trend reflecting the difficulty facing CEOs and COOs to take on that additional commitment. However, the percentage of retired executives sitting on boards grew to 95 percent from 75 percent reported 11 years ago.); *id.* at 12 (97% of FORTUNE 1000 companies have a Nominating Committee.); *id.* at 27 ("[B]oards in the Americas continue to experience difficulty in recruiting qualified directors possessing the requisite interpersonal and professional abilities. Fifty-seven percent of respondents state recruitment is more challenging, a slight increase from the 53 percent who found it so in 2005.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – a. Director Selection – 2. Nomination and Director Invitation Procedures – a. Shareholder Input in Director Election and Nomination[10]			
The committee should have the authority to retain search firms as appropriate to assist it in identifying candidates and develop a process for considering shareholder recommendations for board nominees. (p. 21) The board should respond appropriately when a director nominee receives a significant "withhold" or "against" vote with respect to his or her election to the board. The corporate governance committee should assess the reasons for the vote and recommend to the board the action to be taken with respect to the vote, which should be communicated to the corporation's shareholders. (p. 32)	Creating an independent and inclusive process for nominating … both directors and the CEO will ensure board accountability to shareholders and reinforce perceptions of fairness and trust between and among management and board members. (p. 6)	Shareholders should have the right to participate in key corporate governance decisions, including the right to nominate, appoint and remove directors on an individual basis…. Jurisdictions which do not have laws enabling the appointment and removal of a director … by shareholders holding a majority of votes should enact them. (Principle 4.5) Corporations should disclose upon nomination or appointment to the board and thereafter in each annual report or proxy statement information on the identities, core competencies, professional or other backgrounds, recent and current board and management mandates at any other corporations, factors affecting independence, board and committee meeting attendance and overall qualifications of board members and nominees so as to enable investors to weigh the value they add to the company. Information on the appointment procedure should also be disclosed annually. (Principle 5.9) Each director should stand for election on a regular basis and, in any event, at least once every three years and shareholders should be entitled to vote on the election of each director separately. (Principle 5.10)	The Council … believes shareowners should have … meaningful opportunities to suggest or nominate director candidates and to suggest processes and criteria for director selection…. All directors should be elected annually (no classified boards). (p. 2) When permissible under state law, companies' charters and by-laws should provide that directors in uncontested elections are to be elected by a majority of the votes cast. In contested elections, plurality voting should apply…. Boards should adopt policies asking that directors tender their resignations if they fail to win majority support in uncontested elections, and providing that such directors will not be renominated after expiration of their current term in the event they fail to tender such resignation. (pp. 2-3) Companies should provide access to management proxy materials for a longterm investor or group of long-term investors owning in aggregate at least 3 percent of a company's voting stock to nominate less than a majority of the directors. Eligible investors must have owned the stock for at least two years. Company proxy materials and related mailings should provide equal space and equal treatment of nominations by qualifying investors. [I]t is essential that investors have full and accurate information about access mechanism users and their director nominees. Therefore, shareowners nominating director candidates under an access mechanism should adhere to the same SEC rules governing disclosure requirements and prohibitions on false and misleading statements that currently apply to proxy contests for board seats. (p. 6)

[10] *See* Council of Institutional Investors – National Association of Corporate Directors, Looking Back, Looking Forward: Recommendations on Majority Voting, Section 404, and Executive Compensation (2007) (hereinafter "CII-NACD Task Force Report") at 7 ("[D]irectors should be elected by a majority of votes cast. But a postelection process should be in place to ensure that the board can function after the election, whatever the outcome…. Where state law permits, corporate bylaws should require directors to be elected by a majority of votes cast in uncontested elections. In contested elections, directors should be elected by plurality of votes cast. A director-candidate who fails to win a majority of votes cast in an uncontested election should be required to tender his or her resignation. When a director fails to win a majority of votes cast in an uncontested election, the corporate governance and/or nominating committee should recommend to the board whether to accept or reject the resignation, or take other action."); 2007 ABA Guidebook at 94 ("Although plurality voting remains the standard by which most directors are elected today, many boards have adopted a majority vote standard."); 2007 NACD Survey at 22 (When asked whether their companies have adopted some form of majority voting, 64.3% of the respondents have not, 25.7% have, and 10.0% said it is under board discussion.).

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 1. Board Size[11]			
Boards of directors of large, publicly owned corporations vary in size from industry to industry and from corporation to corporation. In determining board size, directors should consider the nature, size, and complexity of the corporation as well as its stage of development. The experiences of many Business Roundtable members suggest that smaller boards are more cohesive and work more effectively than larger boards. (p. 13)	Boards should determine the appropriate board size, and periodically assess overall board composition to ensure the most appropriate and effective board membership mix. (p. 6)	*Not covered directly but see* Principle 5 (These Principles do not advocate any particular board structure and the term "board" as used in this document is meant to embrace the different national models of board structures.).	Absent compelling, unusual circumstances, a board should have no fewer than 5 and no more than 15 members (not too small to maintain the needed expertise and independence, and not too large to be efficiently functional). Shareowners should be allowed to vote on any major change in board size. (p. 4)

[11] *See* 2007 ABA Guidebook at 50 ("Each board should determine the appropriate size to accommodate the corporation's needs, objectives, and circumstances. Factors that might influence board size are the corporation's need to meet applicable independence or other regulatory standards, to establish or maintain relationships with large shareholders or other constituencies, or to maintain a strong community presence. In accommodating these needs, board size should not be expanded to a point that interferes with effective functioning."); 1994 NACD Report at 7 ("Ideally, a board should be small enough to permit thorough discussion of important issues, with enough 'air time' for each view presented, yet large enough to bring a sufficient variety of views and talents to the table."); 1990 BRT Statement at 11 ("The average size of the board of directors of large publicly-traded U.S. corporations (Fortune 500) is estimated to be 13. Many authorities believe small, cohesive boards work more effectively than large boards. From experience it would appear that the optimum number of non-management board members for a large U.S. corporation ranges between eight and fifteen."); 2007 NACD Survey at 23 (Large-cap company boards average 9.5 members, with mid-cap and small-cap company boards averaging 7.9 and 6.8 members, respectively. NYSE-listed company boards average 9.5 members, and NASDAQ-listed company boards average 7.7 members.); 2006 Korn/Ferry Study at 10 ("For the first time since 1994, the average number of board members of FORTUNE 1000 organizations has declined from 11 to 10." Companies valued under $3 billion average 9 board members; companies valued at $3-$5 billion average 10 board members; companies valued at $5-$10 billion and $5-$20 billion average 11 board members; and companies valued at more than $20 billion average 12 board members.).

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 2. Independent Board Majority[12]			
A substantial majority of directors of the board of a publicly owned corporation should be independent, both in fact and appearance, as determined by the board. In accordance with the listing standards of the major securities markets, the board should make an affirmative determination as to the independence of each director annually and should have a process in place for making these determinations. (p. 14) *See* p. 14 (The board of a publicly owned corporation should have a substantial degree of independence from management. Board independence depends not only on directors' individual relationships but also on the board's overall attitude toward management. Providing objective independent judgment is at the core of the board's oversight function, and the board's composition should reflect this principle.).	Boards should require that independent directors fill the substantial majority of board seats. Boards should ensure that any director candidate under consideration, with the exception of their own CEO or senior managers, is independent. (p. 11)	Each board should include a strong presence of independent nonexecutive directors with appropriate competencies including key industry sector knowledge and experience. (Principle 5.7) Each board may also include a minority of directors who are nonexecutive directors and who are not independent but who may nevertheless effectively discharge their responsibilities as directors because of, amongst other things, a relationship with the corporation or past experience with the corporation. (Principle 5.8) *See* Principle 5 (These Principles do not advocate any particular board structure and the term "board" as used in this document is meant to embrace the different national models of board structures.). *See also* Principle 5.4 (One of the principal features of a well-governed corporation is the exercise by its board of directors of independent judgment. Independent judgment means judgment in the best interests of the corporation free of any external influence that may attempt to be or may be or may appear to be exerted on any individual director or the board as a whole.).	At least two-thirds of the directors should be independent (i.e., their only nontrivial professional, familial or financial connection to the corporation, its chairman, CEO or any other executive officer is their directorship). (p. 3)

[12] Under NYSE and Nasdaq Listing Rules, domestic listed companies (subject to certain exemptions for "controlled companies") are required to have a majority of independent directors. Appendix B at 3. *See* 1997 BRT Statement at 10 ("It is important for the board of a large, publicly owned corporation to have a substantial degree of independence from management. Accordingly, a substantial majority of the directors of such a corporation should be outside (non-management) directors."); 1990 BRT Statement at 11 ("Boards of directors of large publicly held corporations should be composed predominantly of independent directors who do not hold management responsibilities within the corporation…. A number of board functions should be reserved for non-management directors only, such as membership on the audit, compensation/personnel, and nominating committees; selection and evaluation of the CEO; and board evaluation and selection."); 2007 NACD Survey at 29 (In 48.2% of companies, more than 75% of board members are independent directors. In 26.1% of companies, between 50% and 75% of board members are independent directors. In 5.8% of companies, less than 50% of board members are independent directors.); 2006 Korn/Ferry Study at 10 (Companies valued at under $3 billion average 9 board members with 2 insiders and 7 outsiders; companies valued at $3-$5 billion average 10 board members with 2 insiders and 7 outsiders; companies valued at $5-$10 billion average 11 board members with 2 insiders and 8 outsiders; companies valued at $10-$20 billion average 11 board members with 2 insiders and 9 outsiders; and companies valued at more than $20 billion average 12 board members with 2 insiders and 10 outsiders); *id.* at 11 ("Most FORTUNE 1000 organizations appear to find that eight outside directors and two inside directors provide the optimum balance between governance and management.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 3. Definition of "Independence" [13]			
An independent director should not have any relationships with the corporation or its management – whether business, employment, charitable or personal – that may impair, or appear to impair, the director's ability to exercise independent judgment. The listing standards of the major securities markets define "*independence*" and enumerate specific relationships (such as employment with the corporation or its outside auditor) that preclude a director from being considered independent…. When considering whether a director is independent, the board should consider not only whether the director has any of the relationships covered by the board's independence standards, but also whether the director has any other relationships … with the corporation, senior management or other board members that could affect the director's actual or perceived independence. (p. 14) The board's director independence standards should include standards for assessing directors' relationships with not-for-profit organizations that receive support from the corporation…. Independence issues are most likely to arise when a director is an employee of the not-for-profit organization and when a substantial portion of the organization's funding comes from the corporation. (p. 15)	Relationships that may compromise a director's independence include, but are not limited to: reciprocal directorships (or "*director interlocks*"); an existing significant consulting or employment relationship; an existing substantial commercial relationship between the director's organization and the board's company; or new business relationships that develop through board membership. (p. 11) *See* p. 12 ([T]o ensure board independence: • Boards should define and disclose to shareholders a definition of "*independent director.*" • Boards should require that director candidates disclose all existing business relationships between them or their employer and the board's company. • Boards should then evaluate the extent to which, if any, a candidate's other activities may impinge on his or her independence as a board member, and determine when relationships are such that a candidate can no longer be considered independent.).	Individual directors with relationships to management or to a significant shareholder are by definition not considered to be independent; however, the absence of such relationships does not guarantee independent judgment. (Principle 5.5) These Principles do not offer a comprehensive definition of an "independent director". Such definitions vary from jurisdiction to jurisdiction and reflect different approaches to the drafting of codes of governance. These Principles simply underline the importance of all directors being independent-minded which means exercising objective judgment in the best interests of the corporation in all circumstances regardless of the consequences which such judgment may have for the director personally. However, every corporation should disclose its definition of independence (which should be at least as strict as the requirements of applicable law) and should disclose its determination as to each member of its board of directors whether such member is independent. (Principle 5.6)	An independent director is someone whose only nontrivial professional, familial or financial connection to the corporation, its chairman, CEO or any other executive officer is his or her directorship. Stated most simply, an independent director is a person whose directorship constitutes his or her only connection to the corporation. (p. 21) [For example] a director will not be considered independent if he or she: • Is, or in the past 5 years has been, or whose relative is, or in the past 5 years has been, employed by the corporation or employed by or a director of an affiliate…; • Is, or in the past 5 years has been … an employee, director or greater-than-20-percent owner of a firm that is one of the corporation's … paid advisers or consultants or that receives revenue of at least $50,000 for being a paid adviser or consultant…; • Is, or in the past 5 years has been … employed by or has a 5 percent or greater ownership interest in a third-party that provides payments to or receives payments from the corporation…; • Has, or in the past 5 years had … a personal contract with the corporation, an executive officer or any affiliate….; • Is, or in the past 5 years has been … an employee or director of a … nonprofit organization that receives significant grants or endowments from the corporation….; • Is, or in the past 5 years has been, part of an interlocking directorate….; • Has a relative who is, or in the past 5 years has been, an employee, a director or

[13] Under NYSE Listing Rule 303A.02, "[n]o director qualifies as 'independent' unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company)." Certain family, employment and close consulting and business relationships are presumptively or *per se* "material." Appendix B at 5-6. Section 301 of the Sarbanes-Oxley Act and Rule 10A-3 of the Securities Exchange Act of 1934 defines an "independent" director (for audit committee purposes only) as one who accepts no compensation from the company other than a director's fees and is not an "affiliated person" of the company or any of its subsidiaries. *Id.* at 5. *See also* 2007 ABA Guidebook at 39 ("In general, a board can determine that a director is independent if the director is free of any family relationship or any material business or professional relationship (other than stock ownership and the directorship) with the corporation or its management that would affect independence and has been free of any such relationship for at least three years.")

BRT Principles	NACD Report	ICGN Principles	CII Policies
			a 5 percent or greater owner of a third-party entity that is a significant competitor...; or • Is a party to a voting trust, agreement or proxy giving his/her decision making power as a director to management except to the extent there is a fully disclosed and narrow voting arrangement…. (pp. 22-23)

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 4. Board Leadership (Separation of Chairman & CEO[14] and Lead Director[15])			
Most American corporations have been well served by a structure in which the CEO also serves as chairman of the board. The CEO serves as a bridge between management and the board, ensuring that both act with a common purpose. The decision concerning whether the CEO also should serve as chairman of the board often is part of the succession planning process, and the board should make that decision in light of the corporation's facts and circumstances. Although no one structure is right for every corporation, it is critical that the board has independent leadership. Some boards have found it useful to separate the roles of CEO and chairman of the board. (p. 15)	The roles of nonexecutive chairman or board leader have been under consideration for some years…. The purpose of creating these positions is not to add another layer of power but instead to ensure organization of, and accountability for, the thoughtful execution of certain critical independent director functions. The board should ensure that someone is charged with: organizing the board's evaluation of the CEO and providing continuous ongoing feedback; chairing executive sessions of the board; setting the agenda with the CEO; and leading the board in anticipating and responding to crises…. Boards should consider formally designating a nonexecutive chairman or other independent board leader. If they do not make such a designation, they should designate, regardless of title, independent members to lead the board in its most critical functions…. (p. 6)	The chair of the board should neither be the CEO nor a former CEO and should be independent on the date of appointment as chair and should not participate in executive compensation plans. (Principle 5.11)	The board should be chaired by an independent director. The CEO and chair roles should only be combined in very limited circumstances; in these situations, the board should provide a written statement in the proxy materials discussing why the combined role is in the best interests of shareowners, and it should name a lead independent director who should have approval over information flow to the board, meeting agendas, and meeting schedules to ensure a structure that provides an appropriate balance between the powers of the CEO and those of the independent directors. (pp. 3-4)
[Where CEO and chairman roles are combined,] there is a growing trend for boards to appoint a "*lead*" or "*presiding*" director. A lead director generally advises on board meeting schedules and agendas, chairs executive sessions of the board, oversees the flow of information to the board, and serves as liaison between the independent directors and the CEO. The lead director also may play a key role in overseeing performance evaluations of the CEO and the board, be	The roles of nonexecutive chairman or board leader have been under consideration for some years…. The purpose of creating these positions is not to add another layer of power but instead to ensure organization of, and accountability for, the thoughtful execution of certain critical independent director functions. The board should ensure that someone is charged with: organizing the board's evaluation of the CEO and providing continuous ongoing feedback; chairing	[If the corporation does not have an independent chair,] [t]he corporation should explain the reasons … and in such event should adopt an appropriate alternative structure to ensure that the board responsibilities can be effectively discharged in all circumstances, for example by appointing a deputy chair who is independent. (Principle 5.11)	[In the limited circumstances where the CEO and chair roles are combined, the board] should name a lead independent director who should have approval over information flow to the board, meeting agendas, and meeting schedules to ensure a structure that provides an appropriate balance between the powers of the CEO and those of the independent directors. Other roles of the lead independent director should include chairing meetings of nonmanagement directors and of independent

[14] *See* 2007 ABA Guidebook at 40 ("For many public companies in the United States, the CEO of the corporation also serves as chair of the board. In a growing number of public companies, however, the two functions are separated, with the chair providing leadership to the board, often serving as a liaison between the board and the CEO, and sometimes serving as a mentor to the CEO."); 2007 Spencer Stuart Board Index at 17 (65% of all S&P 500 boards - 313 companies - still have a combined chair/CEO, down from 68% in 2006 and 75% in 2002. 165 companies (35%, up from 33% in 2006) now separate the roles. Of these, 96 have a nonindependent chair (down from 100 last year) and 60 have an independent chair (versus 48 last year). At the time of proxy filing, nine companies did not list a chairman. Therefore, 13% of boards (60 out of 478) have a truly independent chair, up from 10% last year.); 2007 NACD Survey at 24 (Based on information from RiskMetrics Groups' proxy database, the percentage of companies with separate CEO and chair positions rose slightly compared to 2006 to 46.7% from 44.8%. Broken down by company size, 43.1% of large-cap, 48.8% of mid-cap, and 48.9% of small-cap companies reported having separate chair and CEO positions.).

[15] Under NYSE Listing Rules, domestic listed companies are required to disclose either the name of the director who will preside at executive sessions of the non-management directors (the "presiding" director) or, alternatively, the procedure by which a director will be selected to preside at each session. Appendix B at 3. *See* 2007 ABA Guidebook at 40 ("Where the CEO also serves as board chair, a growing practice is to have the independent directors formally designate, among themselves, a director to act as a presiding or lead director. The chair of the nominating/corporate governance committee or a senior member of the board is often asked to act in that capacity."); 2007 Spencer Stuart Board Index at 17 (94% of all S&P 500 companies (448) have reported a lead or presiding director, down slightly from 96% last year. Of these 448 companies, 178 have lead directors and 270 have presiding directors, including those identified as "chair" of executive sessions.); 1997 BRT Statement at 13 ("Where [the CEO and Chairman] positions are unified, the [BRT] ... believes that it is desirable for directors to have an understanding as to how non-executive leadership of the board would be provided, whether on an ongoing basis or on a transitional basis, if and when the need arose."); 1994 NACD Report at 4 (discussing board appointment of a lead director for the CEO evaluation process); 2006 Korn/Ferry Study at 24 ("This year, 78 percent of those surveyed state they have a lead director presiding at their sessions. Ten years ago, our study showed that only 24 percent reported having lead directors seated at the table in FORTUNE 1000 boardrooms…. Eighty-four percent feel strongly that an outside lead director should be appointed when an inside director serves as chairman. This number has grown from 72 percent reported three years ago."); 2007 NACD Survey at 24 ("Based on [survey] results … 44.8% of respondents' boards have a designated lead director....").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 4. Board Leadership (Separation of Chairman & CEO[14] and Lead Director[15])			
available for communication situations. Still other boards have designated an independent director to preside over the executive sessions of a board's independent or nonmanagement directors that are required by securities market listing standards. Depending on the corporation, the so-called presiding director also may perform some or all of the other functions performed by the lead director. (p. 15) with shareholders, and lead the board in crisis	executive sessions of the board; setting the agenda with the CEO; and leading the board in anticipating and responding to crises…. Boards should consider formally designating a nonexecutive chairman or other independent board leader. If they do not make such a designation, they should designate, regardless of title, independent members to lead the board in its most critical functions…. A designated director or directors should work with the CEO to create board agendas (incorporating other board members' input as provided) and to ensure that all relevant materials are provided in a timely manner prior to each meeting. (p. 6)		directors, presiding over board meetings in the absence of the chair, serving as the principle liaison between the independent directors and the chair, and leading the board/director evaluation process. Given these additional responsibilities, the lead independent director should expect to devote a greater amount of time to board service than the other directors. (p. 4)

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 5. Executive Sessions of Outside Directors[16]			
The board's independent or nonmanagement directors should have the opportunity to meet regularly in executive session, outside the presence of the CEO and any other management directors, in accordance with applicable listing standards. • Time for an executive session should be placed on the agenda for every regularly scheduled board meeting. • To maximize the effectiveness of executive sessions, there should be follow-up with the CEO and other appropriate members of senior management. (p. 26) *See* p. 15 ([T]here is a growing trend for boards to appoint a "*lead*" or "*presiding*" director [who] chairs executive sessions of the board…. [O]ther boards have designated an independent director to preside over the executive sessions of a board's independent or nonmanagement directors that are required by securities market listing standards.).	Executive sessions, defined here as meetings comprised solely of independent directors, provide board members the opportunity to react to management proposals and/or actions in an environment free from formal or informal constraints. They also provide an opportunity for dialogue between and among independent directors that facilitates a more open and timely exchange of ideas, perspectives, and feelings. Regularly scheduled executive sessions set an expectation that private discussions among independent directors will be held as a matter of course, thus disarming concern over an action that may otherwise be perceived as unusual or threatening. Boards should adopt a policy of holding periodic executive sessions at both the full board and committee levels on a preset schedule. (p. 8)	Non-executive directors should meet in the absence of executives of the corporation as often as required and on a regular basis. (Principle 5.17)	Non-management directors should hold regularly scheduled executive sessions without the CEO or staff present. The independent directors should also hold regularly scheduled in-person executive sessions without non-independent directors and staff present. (p. 5) *See* p. 10 ([The compensation] committee should regularly report on its activities to the independent directors of the board, who should review and ratify committee decisions.).

[16] Under NYSE Listing Rules, domestic listed companies are required to hold regular executive sessions of the non-management directors without members of management present. The name of the director who will preside at these executive sessions or, alternatively, the procedure by which a presiding director will be selected for each executive session, must be disclosed in the proxy statement, together with information about how interested parties can communicate with either the presiding director or the non-management directors as a group. Appendix B at 3. *See* 2007 ABA Guidebook at 44 ("[M]any public companies hold an executive session of the non-management directors at every board meeting. These sessions can provide a forum for non-management directors to bring up ideas or raise issues they may otherwise be reluctant to raise in the full boardroom, to share candid views about management's performance, to discuss whether board operations are satisfactory, and to raise any potentially sensitive issues regarding specific members of management. These sessions are usually coordinated with meetings of the boards and, if regularly scheduled, become routine and accepted by management."); 2007 NACD Survey at 39 (According to survey results, 37% of companies held 4 executive sessions per year. Boards held an average of 5.0 executive sessions in 2007, compared to 5.3 in 2006.); 2006 Korn/Ferry Study at 21 (94% of respondents report that executive sessions of the outside directors, without the CEO present, now occur at their companies); *id.* at 24 ("This year, 78 percent of those surveyed state they have a lead director presiding at their sessions. Ten years ago, our study showed that only 24 percent reported having lead directors seated at the table in FORTUNE 1000 boardrooms.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 6. Commitment & Attendance, Limits on Other Board Service & Changes in Job Responsibility[17]			
Serving on a board requires significant time and attention on the part of directors. Directors must participate in board meetings, review relevant materials, serve on board committees, and prepare for meetings and discussions with management. They must spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. The appropriate number of hours to be spent by a director on his or her duties and the frequency and length of board meetings depend largely on the complexity of the corporation and its operations. (p. 25) Business Roundtable does not endorse a specific limitation on the number of directorships an individual may hold. However, service on too many boards can interfere with an individual's ability to perform his or her responsibilities…. Before accepting an additional board position, a director should consider whether the acceptance of a new directorship will compromise the ability to perform present responsibilities. It also is good practice for directors to notify the chair of the corporate governance committee for each board on which they serve before accepting a seat on the board of another corporation. (pp. 25-26) The board [may require] that directors who change their primary employment tender a board resignation…. (p. 29) *See* p. 17 (*limitations on number of audit committees on which a director may serve*).	Boards should consider whether a change in an individual's professional responsibilities directly or indirectly impacts that person's ability to fulfill his or her directorship obligations. To facilitate the board's consideration: Boards should require that the CEO and other inside directors submit a resignation as a matter of course upon retirement, resignation, or other significant change in their professional roles and responsibilities. Boards should require that all directors submit a resignation as a matter of course upon retirement, a change in employer, or other significant changes in their professional roles and responsibilities. If the board determines that a director continues to make a contribution to the organization, the Commission supports the continued membership of that director on the board. (p. 14) [T]he board should consider guidelines that limit the number of positions on other boards, subject to individual exceptions – for example, for CEOs and senior executives, one or two; for others fully employed, three or four; and for all others, five or six. (p. 22)	Corporations should disclose upon nomination or appointment to the board and thereafter in each annual report or proxy statement information on the identities, core competencies, professional or other backgrounds, recent and current board and management mandates at any other corporations, factors affecting independence, board and committee meeting attendance and overall qualifications of board members and nominees so as to enable investors to weigh the value they add to the company. Information on the appointment procedure should also be disclosed annually. (Principle 5.9)	Companies should establish and publish guidelines specifying on how many other boards their directors may serve. Absent unusual, specified circumstances, directors with full-time jobs should not serve on more than two other boards. Currently serving CEOs should only serve as a director of one other company, and then only if the CEO's own company is in the top half of its peer group. No person should serve on more than five for-profit company boards. (p. 4) *See* p. 21 (The Council … believes that it is important to discuss relationships between directors on the same board which may threaten either director's independence. A director's objectivity as to the best interests of the shareowner is of utmost importance, and connections between directors outside the corporation may threaten such objectivity and promote inappropriate voting blocks. As a result, directors must evaluate all of their relationships with each other….).

[17] *See* 2007 ABA Guidebook at 30-31 ("Directors are expected to devote substantial time and attention to their responsibilities. Although directors' time commitment varies considerably (depending on the size and complexity of the enterprise and the issues being addressed at a particular time), the time required … is significant, particularly for members of the audit committee and the compensation committee. It is not uncommon for a director's total time commitment to involve 250 hours or more a year for meeting preparation, travel, meeting attendance, informal consultation with other board members and management, and regular review of materials to keep up with corporate developments. Directors entertaining a new or continued board commitment should carefully consider how much time will be required to meet their responsibilities…. Directors should not over-commit themselves…. In times of possible change-of-control transactions, financial distress, legal compliance violations, restatement of the financial statements, management succession crises, or similar circumstances, directors of public companies will be required to devote substantially more time."); 2007 NACD Survey at 37 (Overall, respondents indicated spending on average 207.4 hours per year on board-related matters.); *id.* at 38 (86.4% of respondents believe companies should have a policy restricting the number of boards a CEO may serve on at any one time; however, only 39.2% reported having such a policy. On average, respondents indicated that an active CEO can effectively serve on 1.5 boards, an active (non-CEO) executive can effectively serve on 2.3 boards, and a retired CEO with no other competitive claims on his/her time can effectively serve on 4.0 boards.); 2006 Korn/Ferry Study at 20 (69% of respondents indicate that the former CEO does not sit on the board; 72% opine that the former CEO should not sit on the board, noting "[q]uestions of independence and possible interference from a new CEO could have led 72 percent of respondents reporting they do not believe the former CEO should remain on the board. However, the percentage of directors who believe this individual should continue as a board member has gradually increased since the enactment of Sarbanes-Oxley, rising from 21 percent in 2002 to 28 percent in 2006."); *id.* at 21 (A majority of respondents' boards (60%) have a policy that limits the number of other boards on which the CEO may serve as an outside director.); *id.* at 25 (59% of directors in the Americas indicate they have refused a directorship due to perceived risk, an increase from 2004 when 52% reportedly did so.).

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 7. Term Limits & Mandatory Retirement[18]			
The board … should establish procedures for the retirement or replacement of board members. These procedures may, for example, include a mandatory retirement age, a term limit and/or a requirement that directors who change their primary employment tender a board resignation, providing an opportunity for the governance committee to consider the desirability of their continued service on the board. (p. 29) *See* p. 29 (Planning for the departure of directors and the designation of new board members is essential. The board should plan ahead for changes in membership, and it should have written criteria for director candidates that should be re-evaluated periodically.).	Until … processes are established [for a strong individual director evaluation process], boards should recognize that when certain predetermined criteria are met – for example, 10 to 15 years of service or a specified retirement age – it may be desirable to promote director turnover to obtain the fresh ideas and critical thinking that a new director can bring to the board. However – for the sake of continuity – some directors' tenures should survive that of the CEO. Unless boards have a process to evaluate the performance of individual directors, they should establish tenure conditions under which, as a matter of course, directors should submit a resignation for consideration or offer to withdraw from consideration for renomination. (pp. 14-15)	*Not covered.*	*Not covered.*

[18] *See* 2007 ABA Guidebook at 84 ("Boards should consider the desirability of term limits or a mandatory retirement age for directors to enable the board to gain fresh perspectives from new board members from time to time."); 2007 NACD Survey at 35 (The average tenure of a board member is 7.6 years, a decrease from 8.5 years in 2006. When asked how boards renew or replace their membership, 8.3% reported the use of term limits, down from 12.4% in 2006.); *id.* at 36 (Classified boards by market capitalization: large-cap – 52.1%, mid-cap – 54.6%, and small-cap – 44.3%. Classified boards by listing exchange: NYSE – 51.4%, NASDAQ – 53.2%, AmEx – 34.6%, and Other Exchange – 41.6%.); 2006 Korn/Ferry Study at 22 (72% of respondents indicate their boards have set a mandatory retirement age (up from 69% in 2004)).

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 8. Evaluating Board Performance[19]			
The board should have an effective mechanism for evaluating performance on a continuing basis. Meaningful board evaluation requires an assessment of the effectiveness of the full board, the operations of board committees and the contributions of individual directors…. • [T]he performance of the full board should be evaluated annually, as should the performance of its committees. The board should use the annual self-evaluation to assess whether it is following the procedures necessary to function effectively. Each board committee should conduct an annual self-evaluation to assess its effectiveness, and the results of this evaluation should be reported to the full board. • The board should have a process for evaluating whether the individuals sitting on the board bring the skills and expertise appropriate for the corporation and how they work as a group. Board positions should not be regarded as permanent. Directors should serve only so long as they add value to the board, and a director's ability to continue to contribute to the board should be examined by the corporate governance committee each time the director is considered for renomination. (pp. 28-29) *See generally* Board and Committee Evaluation, pp. 28-29.	There are three separate aspects to effective evaluation at the board level, each of which constitutes a critical component of board professionalism and effectiveness: CEO evaluation, board evaluation, and individual director evaluation. All three of these evaluations should be assessed vis-à-vis pre-established criteria to provide the CEO, the board as a whole, and each director with critical information pertaining to their collective and individual performance and areas that can be improved. Boards should regularly and formally evaluate the CEO, the board as a whole, and individual directors. Boards should ensure that independent directors create and control the methods and criteria for evaluating the CEO, the board, and individual directors. Such an evaluation practice will enable boards to identify and address problems before they reach crisis proportions. (p. 7) *See* Ch. 4, Evaluation: How Boards and Directors Should Be Judged, pp. 17-20; *and* Summary and Conclusion, p. 22. *See also* Appendix D1, Board Evaluation Practicalities: Creating a Board Self-Assessment Methodology; *and* Appendix D2, Sample Evaluation Forms. *See also* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD EVALUATION: IMPROVING DIRECTOR EFFECTIVENESS (2005).	Every board of directors should evaluate its performance and the performance of individual directors on a regular basis and should consider engaging an outside consultant to assist in the process. Every corporation should disclose the process for such evaluation. (Principle 5.16)	The board should implement and disclose a board succession plan that involves preparing for future board retirements, committee assignment rotations, committee chair nominations and overall implementation of the company's long-term business plan. On a regular basis, the board should evaluate its current skills, competencies and diversity of backgrounds, experiences, ages, races and genders in order to identify existing gaps and those that future vacancies could create. Boards should establish clear procedures to encourage and process board nomination suggestions from long-term shareowners and should respond positively to requests seeking to open dialogues to air and share thoughts and concerns regarding incumbent and potential directors…. Boards should review the performance and qualifications of any director from whom at least 10 percent of the votes cast are withheld…. Absent compelling and stated reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two consecutive years should not be renominated. Companies should disclose individual director attendance figures for board and committee meetings. Disclosure should distinguish between in-person and telephonic attendance. Excused absences should not be categorized as attendance. (p. 4) *See* p. 2 (The Council … believes shareowners should have … meaningful opportunities … to suggest processes and criteria for director … evaluation.).

[19] Under NYSE Listing Rules, domestic listed companies' boards are required to address annual performance evaluation in their corporate governance guidelines. Appendix B at 18. The charters of the audit, compensation and nominating/corporate governance committees are required to provide for annual performance evaluations of these committees. *Id*. at 13-15. *See* 2007 ABA Guidebook at 6 ([B]oard and board committee self-evaluations are most effective if they are planned in advance, with participants having a clear idea of the purpose of the self-evaluation and the issues to be addressed…. Evaluation of individual directors is generally conducted by or under the supervision of the nominating/corporate governance committee…."); 1994 NACD Report at 13-14 ("Directors should evaluate board performance as a whole. Each board should consider developing goals for the board as a whole and for each of its committees.... The board can then measure board, chairmen, and committee performance against these goals, position descriptions, and responsibilities, making any appropriate recommendations for improvement.... The board should evaluate not just its process for nominating director candidates, but also its process for educating and renominating new directors. It should evaluate the evaluation process itself. The focus of the evaluation should also include some evaluation of individual director performance."); 1990 Business Roundtable Statement at 15 ("The most difficult duties of the board include a thorough evaluation of the board's own effectiveness including the contributions of its individual members. The nonmanagement directors (or a committee such as the Nominating Committee) are responsible for periodically undertaking a self-evaluation."); 2007 NACD Survey at 26 (86% of survey respondents conduct yearly full board evaluations, 82.6% conduct committee evaluations, and 46.1% conduct individual director evaluations); 2006 Korn/Ferry Study at 32 ("Only 38 percent of responding directors in the Americas reported their board reviews individuals' performance on a regular basis compared to with 42 percent in 2005…. Defying governance watchdogs and best practice pundits advocating individual performance reviews, support for the practice seems to be declining among directors in the Americas. In 2006, 73 percent thought individual directors should receive regular performance evaluations compared to 79 percent holding this opinion in 2005…. To improve board performance, 87 percent of Americas respondents report that their board undergoes a performance evaluation regularly, which is up from 80 percent in 2005.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 9. Conflicts of Interest, Ethics & Confidentiality[20]			
Management and directors should never put personal interests ahead of or in conflict with the interests of the corporation. (p. 2) It is the responsibility of the CEO and senior management, under the CEO's direction, to operate the corporation in an effective and ethical manner. (p. 10) Business Roundtable believes that … corporations should have: A CEO of integrity … who takes responsibility for the corporation adhering to the highest ethical standards. A strong, ethical "*tone at the top*" [set by the CEO and senior management] that establishes a culture of legal compliance and integrity communicated to personnel at all levels of the corporation. An effective compliance program. Senior management should take responsibility for implementing and managing an effective compliance program relating to legal and ethical conduct. As part of its compliance program, a corporation should have a code of conduct with effective reporting and enforcement mechanisms. Employees should have a means of seeking guidance and alerting management and the board about potential or actual misconduct without fear of retribution, and violations of the code should be addressed promptly and effectively. (p. 12)	Boards should seek only candidates who have demonstrated high ethical standards and integrity in their personal and professional dealings, and who are willing to act on and remain accountable for-their boardroom decisions. (p. 9) Boards should require that director candidates disclose all existing business relationships between them or their employer and the board's company. Boards should then evaluate the extent to which, if any, a candidate's other activities may impinge on his or her independence as a board member, and determine when relationships are such that a candidate can no longer be considered independent. (p 12.) [T]he board should … seek disclosure of any relationships that would appear to compromise director independence. (p. 22) Board disclosure of procedures is distinct from sharing the substance of such deliberations, which should be confidential. (p. 19) *See also* NACD, CORPORATE DIRECTOR'S ETHICS AND COMPLIANCE HANDBOOK (2003).	Corporations should have a process for identifying and managing conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director and the board should follow that process. (Principle 5.15) Corporations should adopt and effectively implement a code of ethics and should conduct their activities in an economically, socially and environmentally responsible manner. (Principle 7.5) The board is responsible for determining, implementing and maintaining a culture of integrity. (Principle 7.6)	The Council expects that corporations will comply with all applicable federal and state laws and regulations and stock exchange listing standards. The Council believes every company should also have … an ethics code that applies to all employees and directors, and provisions for its strict enforcement…. The Council believes companies should adhere to responsible business practices and practice good corporate citizenship. Promotion, adoption and effective implementation of guidelines for the responsible conduct of business and business relationships are consistent with the fiduciary responsibility of protecting long-term investment interests. (pp. 1-2)

[20] Under NYSE Listing Rules, domestic listed companies are required to adopt and disclose a code of business conduct and ethics for directors, officers and employees addressing: conflicts of interest; corporate opportunities; confidentiality; fair dealing with customers, suppliers, competitors and employees; protection and proper use of company assets; compliance with laws, rules and regulations (including insider trading laws); and encouraging the reporting of any illegal or unethical behavior. Appendix B at 17. Companies would also be required to promptly disclose any waivers of the code given to directors or executive officers. *Id* at *18*. In addition, under the Sarbanes-Oxley Act and related SEC rules, companies must disclose whether or not they have adopted a code of ethics applicable to their CEO, CFO and certain other officers and, if not, why not. *Id*. at 17. The Sarbanes-Oxley Act also provides "whistleblower" protections. *Id.* at 9. *See* 2007 ABA Guidebook at 23 ("Each director should be alert and sensitive to any interest the director may have that might conflict with the best interests of the corporation. When a director has a direct or indirect financial or personal interest in a contract or transaction to which the corporation is to be a party – or contemplates entering into a transaction that involves use of corporate assets or may involve competition with the corporation – the director is considered to be 'interested' in the matter. An interested director should disclose the director's interest to the board members who are to act on the matter and disclose the relevant facts concerning the matter known to the interested director.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 10. Compensation of Directors (Incl. Stock Ownership) [21]			
Directors should receive incentives to focus on long-term stockholder value. Including equity as part of directors' compensation helps align the interests of directors with those of the corporation's shareholders. Accordingly, a meaningful portion of a director's compensation should be in the form of long-term equity. In this regard, corporations increasingly are providing the long-term equity component of directors' compensation in the form of restricted stock, rather than stock options, to better align directors' interests with those of shareholders. Corporations should establish a requirement that directors acquire a meaningful amount of the corporation's stock and hold that stock for as long as they remain on the board. (p. 25)	A significant ownership stake leads to a stronger alignment of interests between directors and shareholders. Increasingly, compensation programs for directors and senior management are emphasizing stock over benefits. The REPORT OF THE NACD BLUE RIBBON COMMISSION ON DIRECTOR COMPENSATION, issued in 1995 *(updated in 2006)*, recommended the following best practices with respect to director compensation: • Boards should establish a process by which directors can determine the compensation program in a deliberative and objective way. • Boards should set a substantial target for stock ownership by each director and a time period during which this target is to be met. • Boards should define the desirable total value of all forms of director compensation. • Boards should pay directors solely in the form of equity and cash with equity representing a substantial portion of the total up to 100 percent; boards should dismantle existing benefit programs and avoid creating new ones. • Boards should disclose fully in the proxy	The board's duties and responsibilities and key functions, for which they are accountable, include … [a]ligning … board remuneration with the longer term interests of the company and its shareholders. (Principle 5.1) Every corporation should have and disclose a policy concerning ownership of shares of the corporation by senior managers and directors with the objective of aligning the interests of the senior managers and directors with the interests of shareholders in a meaningful way. (Principle 5.18)	[D]irectors should own, after a reasonable period of time, a meaningful position in the company's common stock…. (p. 16) [P]olicy issues related to director compensation are fundamentally different from executive compensation. The Council is supportive of director compensation policies that accomplish the following goals: 1) attract highly qualified candidates; 2) retain highly qualified directors; 3) align directors' interests with those of the long-term owners of the corporation; and, 4) provide complete disclosure to shareowners regarding all components of director compensation including the philosophy behind the program and all forms of compensation. [D]irector compensation should consist solely of a combination of cash retainer and equity-based compensation. The cornerstone … should be alignment of interests through the attainment of significant equity holdings in the company meaningful to each individual director. [E]quity obtained with an individual's own capital provides the best alignment of interests with other shareowners. However, compensation plans can provide supplemental means of obtaining long-term equity holdings through equity compensation, long-term

[21] Under NYSE Listing Rules, domestic listed companies' corporate governance guidelines are required to address the matter of director compensation. Appendix B at 18. *See* 2007 ABA Guidebook at 89 ("Directors have an unavoidable conflict of interest in fixing their own compensation…. Recognizing that they have the responsibility to determine their own compensation, directors normally make sure they have the information necessary to reach a fair decision…. Director compensation programs should be designed to closely align the directors' interests with the long-term interests of the corporation. Director compensation may take a number of different forms, including annual stock or cash retainers, attendance fees for board and committee meetings, deferred compensation plans, stock options, and restricted stock grants…. The board should be sensitive to and avoid compensation policies or corporate perquisites that might impair the independence of its non-management directors."); 1997 BRT Statement at 16 ("Boards should consider aligning the interests of directors with those of the corporation's stockholders by including some form of equity, such as stock grants or options, as a portion of each director's compensation."); 1994 NACD Report at 20 ("Each board must decide what plan best serves the needs of the company, its shareholders, and its directors. For companies that wish to increase stock ownership by directors, there is a range of possibilities, from restricted stock grants with prohibitions on resale, to stock options, to voluntary guidelines for stock purchases. Every board should develop clear and comprehensive criteria for director pay, making occasional exceptions when unforeseen events make this necessary. Also, each board must decide the most appropriate mechanics for disclosing its process for setting director compensation. Director pay should be set annually, but evaluated on an ongoing basis."); 1990 BRT Statement at 12 ("[T]o underscore their independence, nonmanagement directors should not be dependent financially on the companies on whose boards they serve."); 2007 NACD Survey at 45 (Of those surveyed, 97.2% receive cash as a form of compensation (averaging 55.6% of total compensation); 81% reported receiving stock as a form of compensation (averaging 49.1% of total compensation). 11.3% of directors reported receiving other forms of compensation.); *id.* at 47 (58.3% of respondents indicated that their companies required directors to own stock in the company.); 2006 Korn/Ferry Study at 14 (The percentage of FORTUNE 1000 companies that pay outside directors an annual fee, but not a per-meeting fee, has grown to 33%; 63% continue to pay an annual retainer plus a per-meeting fee; 2% compensate with per-meeting fees only.); *id.* at 15 ("Directors serving on FORTUNE 1000 company boards who receive an annual retainer plus per-meeting fee were given an average of $58,217 in cash in 2006, 24 percent less than the cash reported in 2005. However, the average dollar value assigned to the stock awarded in 2006 was $75,499."); *id*. at 16 (The average cash retainer for audit committee chairs was $14,023 (up from $12,817 in 2005); for compensation committee chairs, $9,175 (up from $8,392 in 2005); and for corporate governance committee chairs, $8,609 (up from $8,135 in 2005).); *id*. at 17 (The average committee chair per-meeting fee was $1,633 (up from $1,598 in 2005); the average committee member per-meeting fee was $1,470 (up from $1,427 in 2005); the average committee chair member retainer was $10,879 (up from $9,961 in 2005); and the average committee member retainer was $8,022 (up from $7,690 in 2005).); *id.* at 29 (54% of directors serving on boards in the Americas think the majority of a director's compensation should be in stock, similar to the response of last year (55%).); *id.* at 18 (94% of FORTUNE 1000 companies compensate directors with stock (the same as in 2005); 64% of boards compensate directors exclusively with restricted stock grants (55% did so in 2005); and 23% continue to provide stock options (down from 29% last year, and 46% in 2004).); *id.* at 28 (78% of respondents report that they are required to own company stock.).

BRT Principles	NACD Report	ICGN Principles	CII Policies
	statement the philosophy and process used to determine director compensation and the value of all elements of compensation. (p. 7) *See* REPORT OF THE NACD BLUE RIBBON COMMISSION ON DIRECTOR COMPENSATION: PURPOSES, PRINCIPLES, AND BEST PRACTICES (2006).		holding requirements and ownership requirements. (p. 17) *See* Governance Policy 6 (Director Compensation).

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – b. Structure – 11. Indemnification and Exculpation of Directors			
Not covered.	*Not covered.*	*Not covered.*	*Not covered.*

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – c. Meetings/Information – 1. Board Meetings & Agenda[22]			
When arranging a meeting schedule for the board, each corporation should consider the nature and complexity of its operations and transactions, as well as its business and regulatory environment. (p. 25) The board's agenda must be carefully planned, yet flexible enough to accommodate emergencies and unexpected developments. The chairman of the board should work with the lead director (when the corporation has one) in setting the agenda and should be responsive to individual directors' requests to add items to the agenda, and open to suggestions for improving the agenda. It is important that the agenda and meeting schedule permit adequate time for discussion and a healthy give-and-take between board members and management. Board agendas should be structured to allow time for open discussion. (p. 26) *See* pp. 10-11 (The CEO and senior management generally take the lead in strategic planning. They identify and develop strategic plans for the corporation; present those plans to the board; [and] implement the plans once board review is completed…. With the corporation's overall strategic plans in mind, senior management develops annual operating plans and annual budgets for the corporation and presents the plans and budgets to the board. Once the board has reviewed and approved [them], the management team implements [them].).	Board and committee meetings are the settings in which most of the directors' decisions are made. Therefore, developing the agenda for such meetings is a critical element in determining and reinforcing board independence and effectiveness. • Boards should ensure that members are actively involved with their CEO in setting the agendas for full board meetings. A designated director or directors should work with the CEO to create board agendas (incorporating other board members' input as provided)…. • For committee meetings, committee chairs should work with the CEO and committee members to create agendas (incorporating other board members' input as provided)…. (p. 6)	*Not covered.*	[The independent board chair or, if the CEO and board chair positions are combined in the same person, the lead independent director] should have approval over … meeting agendas and meeting schedules to ensure a structure that provides an appropriate balance between the powers of the CEO and those of the independent directors. Other roles of the lead independent director should include … presiding over board meetings in the absence of the chair [and] serving as the principle liaison between the independent directors and the chair…. (p. 4) Directors should be allowed to place items on board agendas. (p. 5)

[22] *See* 2007 ABA Guidebook at 42 ("Traditionally, management has determined the presentations to be made and the matters to be acted on by the board, but that is less the case today. If there is a non-executive chair of the board or a presiding or lead director, that director and the CEO will often collaborate on the agenda and plans for the meeting. Any director can nonetheless request that an item be included on the agenda. Further, the board should satisfy itself that there is an overall annual agenda of the matters that require recurring and focused attention, such as the achievement (as well as periodic reexamination and updating) of operational and financial plans, an evaluation of board and committee performance, and the adequacy and appropriateness of corporate systems and controls…."); 1990 Business Roundtable Statement at 14 ("A carefully planned agenda is very important for effective board meetings. In practice, the items on the agenda are determined by the chairman in consultation with the board, with important subjects being suggested by various outside board members…. To ensure continuing effective board operations, the CEO can periodically ask the directors for their evaluation of the general items for board meetings and any suggestions they may have for improvement."); 2007 NACD Survey at 37 (Directors now spend, on average, 207.4 hours annually on board duties for each board they serve (110.8 hours on board-related work and 97.7 hours on committee-related duties), down from 209.7 in 2006); *id.* at 39 (Surveyed boards meet an average of 5.8 times per year, a decrease from 6.4 in 2006); 2006 Korn/Ferry Study at 10 (Directors of FORTUNE 1000 organizations convene an average of 8 times per year. More specifically, companies valued under $3 billion and between $3-10 billion average 8 board meetings per year, and companies valued at $10-20 billion and above $20 billion average 9 board meetings per year.); *id*. at 23 ("In 2006, responding directors report they spend an average of 17 hours per month on board matters."); *id.* at 24 ("Forty-six percent of those surveyed in the Americas report once again this year that they meet quarterly. A substantial portion of those surveyed marked 'other' to describe their meeting frequency – meaning they meet more than quarterly but less than monthly.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – c. Meetings/Information – 2. Board Information Flow, Materials & Presentations[23]			
The board must have accurate, complete information to do its job; the quality of information received by the board directly affects its ability to perform its oversight function effectively. Directors should receive and review information from a variety of sources, including management, board committees, outside experts, auditor presentations, and analyst and media reports. The board should be provided with information before board and committee meetings, with sufficient time to review and reflect on key issues and to request supplemental information as necessary. (p. 27) *See* p. 5 (Senior management, led by the CEO, is responsible for running the day-to-day operations of the corporation and properly informing the board of the status of these operations.).	Board and committee meetings are the settings in which most of the directors' decisions are made. Therefore, developing the agenda for such meetings is a critical element in determining and reinforcing board independence and effectiveness…. • A designated director or directors should work with the CEO to create board agendas (incorporating other board members' input as provided) and to ensure that all relevant materials are provided in a timely manner to each meeting. • For committee meetings, committee chairs should work with the CEO and committee members to create agendas (incorporating other board members' input as provided) and to ensure that all relevant materials are provided in a timely manner to each meeting. (p. 6)	*Not covered.*	[The independent board chair or, if the CEO and board chair positions are combined in the same person, the lead independent director] should have approval over information flow to the board…. (p. 4) Directors should be provided meaningful information in a timely manner prior to board meetings…. (p. 5)

[23] *See* 2007 ABA Guidebook at 18-19 ("When specific actions are contemplated, directors should receive the relevant information far enough in advance of the board or committee meeting to study and reflect on the issues raised. Important, time-sensitive materials that become available between meetings should be promptly distributed to directors. On their part, directors should review carefully the materials supplied. If a director believes that information is insufficient or inaccurate or is not made available in a timely manner, the director should (absent exigent circumstances) request that action be delayed until appropriate information is made available and can be studied, if possible under the circumstances."); *id.* at 43-44 ("[T]he time at a [board] meeting should be balanced between management presentations and discussion among directors and management. If concise reports and analyses can be given effectively in writing, they should be so furnished in advance in order to facilitate discussion at the meeting."); 2007 NACD Survey at 40 ("While boards overwhelmingly receive information in hardcopy format, this manner of information transmission has decreased slightly; 93.8% of respondents receive hardcopy board materials in 2007, compared to 97.4% in 2006. On average, board members receive materials 6.3 days before a board meeting, with 7 days being most frequently cited (by 31.4% of respondents."); 1990 Business Roundtable Statement at 14 ("[B]oards should ensure that adequate time is provided for full discussion of important corporate items and that management presentations be tailored so as to provide a substantial proportion of board meeting time for open discussion.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
II. Board Selection and Structure – c. Meetings/Information – 3. Director Orientation & Education[24]			
Corporations should have an orientation process for new directors that is designed to familiarize them with the corporation's business, industry and corporate governance practices. Common practices include briefings from senior management, on-site visits to the corporation's facilities, informal meetings with other directors and written materials. Corporations also should encourage directors to take advantage of educational opportunities on an ongoing basis to enable them to better perform their duties and to keep informed about developments in areas such as the corporation's industry, corporate governance and director responsibilities. (p. 27)	When first selected, many directors will not have extensive knowledge of the major businesses in which the company is engaged. Directors have an obligation to develop broad, current knowledge of all the company's major businesses, including, specifically, the relevant technology, markets, and economics, as well as the strengths and weaknesses of the company vis-à-vis its major competitors. Being an outstanding director also requires developing broad, current knowledge of all of the company's responsibilities, including the general legal principles applicable to directors' activities in fulfilling those responsibilities. Boards should select candidates who possess or are willing to develop broad, current knowledge of both critical issues affecting the company (including industry, technology, and market-specific information), and directorship roles and responsibilities (including the general legal principles that guide board members). (p. 13) *See* pp. 12-13 (A director should maintain leadership in the field of endeavor that attracted the board to select that director. For example, a person chosen for expertise in biotechnology should keep up-to-date in that field. A director who has retired from a CEO position but is invited to remain on the board should stay current with the world of business and the latest management thought and practice. Similarly, other persons who retire from the position they had when selected should remain up-to-date in their fields of expertise.).	*Not covered.*	Directors should receive training from independent sources on their fiduciary responsibilities and liabilities. Directors have an affirmative obligation to become and remain independently familiar with company operations; they should not rely exclusively on information provided to them by the CEO to do their jobs. (p. 5)

[24] Under NYSE Listing Rules, domestic listed companies' corporate governance guidelines are required to address the matter of orientation and continuing education of directors. Appendix B at 18. *See* 2007 NACD Survey at 9 (Of the 26 board issues respondents were asked to identify as "critical," "important," "somewhat important," or "not important" to board governance, "director education and development" ranked 24th, with 10.5% deeming it "important."); *id.* at 10 (When ranking the effectiveness of boards in handling a series of issues, "director education and development" ranked last, with only 6.3% of respondents indicating that boards were "highly effective" in this area.); *id.* at 32 ("The most effective board members understand that continuing education and development are crucial to their ongoing success. Companies are beginning to recognize this as well; 60% of respondents reported their company has a policy or program for the education of directors.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
III. Interactions with Management – a. Board Access to Senior Management[25]			
Board members should have full access to senior management. (p. 26)	*Not covered directly, but see* p. 3 ([T]he board should act as a resource for management in matters of planning and policy. To ensure effective decision-making … board members must not only act as advisors, question-askers, and problem-solvers, but also as active participants and decision-makers in fostering the overall success of the company.).	*Not covered.*	Directors … should be allowed reasonable access to management to discuss board issues. (p. 5)

[25] Under NYSE Listing Rules, domestic listed companies are required to adopt and disclose corporate governance guidelines that address director access to management. Appendix B at 18. *See* 2007 ABA Guidebook at 83 ("[T]he board must be able to receive candid input from senior management. The [nominating/corporate governance] committee should consider how best to receive this input and have access to senior management. Some nominating/corporate governance committees determine that senior officers other than the CEO should also serve as directors, whereas others decide that attendance at board meetings by senior officers in a non-director capacity is sufficient to facilitate the board's ready access to information regarding the business and operations of the corporation.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
III. Interactions with Management – b. Formal Evaluation of the Chief Executive Officer[26]			
Making decisions regarding the selection, compensation and evaluation of a well-qualified and ethical CEO is the single most important function of the board. (p. 7) Under the oversight of an independent committee or the lead director, the board should annually review the performance of the CEO and participate with the CEO in the evaluation of members of senior management. All nonmanagement members of the board should participate with the CEO in senior management evaluations. The results of the CEO's evaluation should be promptly communicated to the CEO in executive session by representatives of the independent directors and used by the compensation committee or board in determining the CEO's compensation. (p. 28) *See* pp. 10-12 (*responsibilities of the CEO and senior management*).	There are three separate aspects to effective evaluation at the board level, each of which constitutes a critical component of board professionalism and effectiveness: CEO evaluation, board evaluation, and individual director evaluation. All three of these evaluations should be assessed vis-à-vis pre-established criteria to provide the CEO, the board as a whole, and each director with critical information pertaining to their collective and individual performance and areas that can be improved. • Boards should regularly and formally evaluate the CEO, the board as a whole, and individual directors; • Boards should ensure that independent directors create and control the methods and criteria for evaluating the CEO, the board, and individual directors. (p. 7) *See* REPORT OF THE NACD BLUE RIBBON COMMISSION ON PERFORMANCE EVALUATION OF CHIEF EXECUTIVE OFFICERS, BOARDS, AND DIRECTORS (1994).	*Not covered directly but see* Principle 5.1 (The board's duties and responsibilities and key functions, for which they are accountable, include … [s]electing, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.).	Each year, the compensation committee should review performance of [the CEO and other highly paid executives] and approve any bonus, severance, equity-based award or extraordinary payment made to them. (p. 10) *See* p. 9 (The compensation committee is responsible for structuring executive pay and evaluating executive performance within the context of the pay structure of the entire company, subject to approval of the board of directors.). *See also* p. 10 (Compensation of the [CEO and other highly paid executives] should be driven predominantly by performance. The compensation committee should establish performance measures for executive compensation that are agreed to ahead of time and publicly disclosed. Performance measures applicable to all performance-based awards (including annual and long-term incentive compensation) should reward superior performance – based predominantly on total stock return measures and key operational measures – at minimum reasonable cost and should reflect downside risk.).

[26] Under NYSE Listing Rules, the compensation committee is required to adopt and disclose a written charter that addresses evaluation of the CEO's performance in light of corporate goals and objectives. Appendix B at 15. *See also* 2007 ABA Guidebook at 12 ("[T]he board's responsibility to oversee the management of the corporation … includes … selecting the CEO, setting goals for the CEO and other senior executives, evaluating and establishing their compensation, and making changes where appropriate…."); *id*. at 71-72 ("The compensation committee should … review and approve corporate goals and objectives relevant to CEO and senior executive compensation and evaluate executive performance in light of those goals and objectives; [and] establish and periodically review policies for the administration of executive compensation programs (including all equity-based plans)…."); *id*. at 87-88 ("[The nominating/corporate governance] committee should – to the extent not done by another board committee – at least annually review the performance of the CEO and members of senior management. It should also periodically update succession planning and related procedures…."); 1994 NACD Report at 1, 3 ("Formal performance reviews of the CEO are necessary. The process can take many different forms, depending on the company. Every board should consider developing a job description for the CEO. The CEO and the board should agree to performance objectives, established in advance of each fiscal year. Such objectives might include quantitative performance factors and qualitative ones, such as integrity, vision and leadership."); 1990 Business Roundtable Statement at 8, 15 ("Boards must have in place a credible process that ensures that the CEO's performance is reviewed periodically. That review must lead to appropriate compensation and continuation decisions.... The most difficult duties of the board include a thorough evaluation of the CEO. The nonmanagement directors (or a committee such as the Compensation Committee) are responsible for periodically evaluating the CEO's performance. This evaluation is used to guide the board's decisions about the CEO's compensation, incentive pay and continued employment, as well as to identify strengths or areas needing improvement. The CEO will, of course, be informed of the results of the evaluation."); 2007 NACD Survey at 26 (96.0% of surveyed companies conduct CEO evaluations annually. Of those, 99.0% conduct their CEO evaluations annually.); 2006 Korn/Ferry Study at 38 (91% of surveyed respondents indicated that their boards have a formal process for evaluating CEO performance.).

BRT Principles	NACD Report	ICGN PRinciples	CII Policies
III. Interactions with Management – c. Management Succession & Development[27]			
Long-term planning for CEO and senior management development and succession is one of the board's most important functions. The board, its corporate governance committee or another committee of independent directors should identify and regularly update the qualities and characteristics necessary for an effective CEO. With these principles in mind, the board or committee should periodically monitor and review the development and progression of potential internal candidates against these standards. Emergency succession planning is also critical. Working with the CEO, the board or committee should see that plans are in place for contingencies such as the departure, death or disability of the CEO or other members of senior management to facilitate the transition to both interim and longer-term leadership in the event of an untimely vacancy. (pp. 27-28)	Boards should institute a CEO succession plan and selection process, through an independent committee or overseen by a designated director or directors. (p. 7) *See* REPORT OF THE NACD BLUE RIBBON COMMISSION ON CEO SUCCESSION (2000).	The board's duties and responsibilities and key functions, for which they are accountable, include … overseeing succession planning. (Principle 5.1)	The board should approve and maintain a detailed CEO succession plan and publicly disclose the essential features. An integral facet of management succession planning involves collaboration between the board and the current chief executive to develop the next generation of leaders from within the company's ranks. Boards therefore should: (1) make sure that broad leadership development programs are in place generally; and (2) carefully identify multiple candidates for the CEO role specifically, well before the position needs to be filled. (p. 5)

[27] Under NYSE Listing Rules, domestic listed companies are required to adopt and disclose corporate governance guidelines that address management succession. Appendix B at 18. *See* 2007 ABA Guidebook at 12 ("[T]he board's responsibility to oversee the management of the corporation … includes … developing, approving and implementing succession plans for the CEO and the top senior executives…."); *id.* at 67 ("It is not unusual to use one or two board positions for senior executives other than the chief executive officer in order to evaluate their succession prospects and to facilitate a peer relationship and firsthand contact with them."); *id.* at 69 ("The nominating/corporate governance committee will often have the responsibility for recommending to the board a successor to the chief executive officer in the event of retirement or termination of service. The committee may also review and approve proposed changes in other senior management positions, with the understanding that the chief executive officer should be given considerable discretion in selecting and retaining members of the management team. In order to carry out these functions, the committee should – to the extent not done by another board committee – review the performance of the chief executive officer and members of senior management on a formal basis at least annually, and should periodically update succession planning and related procedures."); 1994 NACD Report at 3, 7 (The CEO's performance objectives should include an evaluation of the CEO's proposed succession plan; and "directors should provide for senior management succession"); 1990 BRT Statement at 7, 13 ("The board of directors has five primary functions [one of which is to] [r]eview succession planning.... The compensation/personnel committee … is … responsible for assuring that management succession plans and key people are reviewed periodically. In some companies succession planning … is handled by the nominating committee…."); 2007 NACD Survey at 7 (Survey respondents chose CEO succession third in a list of top issues facing boards of U.S. public companies (it was selected as the top issue by 15.2%)); *id.* at 8 ("The two weakest areas for boards were … unchanged since 2006: director education and development and CEO succession."); *id.* at 10 (14.2% reported that their boards are performing below acceptable levels, and only 16.4% see their boards as highly effective in their CEO succession duties. Most directors report that their boards are in the middle range, from somewhat effective (32.4%) to effective (37.1%) in this area.); *id.* at 14 ("Slightly more than half of respondents (56.3%) report having a CEO succession plan for their company (up from 52.7% in 2006); of those companies, 85.9% include the development of internal candidates as part of the succession plan (similar to 2006's 84.7%)."); 2006 Korn/Ferry Study at 13 ("One committee that boards have been slow to adopt is Succession Planning. In 1996, 31 percent of FORTUNE 1000 organizations reported having this committee. In 2001, during the fall-out from Enron and similar debacles precipitating the creation of Sarbanes-Oxley, the percentage remained static at 30 percent. However, data from 2006 proxies reveals an increase to 39 percent of FORTUNE 1000 companies with those committees."); *id.* at 31 ("While management succession plans have yet to be universally adopted, 77 percent of the responding directors in the Americas do report that they have a formal process in place. Fifty-three percent say this is led by the CEO.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
III. Interactions with Management – d. Executive Compensation & Stock Ownership[28]			
[I]t is the responsibility of the board, through its compensation committee, to adopt and oversee the implementation of compensation policies, establish goals for performance-based compensation, and determine the compensation of the CEO and senior management. (p. 3) The compensation committee should require senior management to build and maintain significant continuing equity investment in the corporation…. The committee also should consider whether to require senior management to hold for a period of time a specified amount of stock earned through incentive-based awards…. [T]he compensation committee … establishes appropriate incentives for management…. Executive compensation should directly link the interests of senior management … to the long-term interest of shareholders. It should include significant performance-based criteria related to long-term shareholder value and should reflect upside potential and downside risk. The compensation committee should consider whether the benefits and perquisites provided to senior management are proportional to the contributions made by management. (p. 24) *See also* The Business Roundtable, EXECUTIVE COMPENSATION: PRINCIPLES AND COMMENTARY (November 2003).	Creating an independent and inclusive process for remunerating … the CEO will ensure board accountability to shareholders and reinforce perceptions of fairness and trust between and among management and board members. Boards should involve all directors in all stages of the CEO … selection and compensation processes…. (p. 6) A significant ownership stake leads to a stronger alignment of interests between directors and shareholders, and between executives and shareholders. Increasingly, compensation programs for directors and senior management are emphasizing stock over benefits. (p. 7) *See also* REPORT OF THE NACD BLUE RIBBON COMMISSION ON EXECUTIVE COMPENSATION AND THE ROLE OF THE COMPENSATION COMMITTEE (2007).	The board's duties and responsibilities and key functions, for which they are accountable, include … [a]ligning key executive … remuneration with the longer term interests of the company and its shareholders. (Principle 5.1) Corporations should follow the best practices for remuneration set out in the most current policy of the ICGN. (Principle 6.1) *See also* International Corporate Governance Network, ICGN REMUNERATION GUIDELINES (July 2006).	In developing, approving and monitoring the executive pay philosophy, the compensation committee should consider the full range of pay components, including structure of programs, desired mix of cash and equity awards, goals for distribution of awards throughout the company, how executive pay relates to the pay of other employees, use of employment contracts, and policy regarding dilution…. Compensation of the [CEO and other highly paid executives] should be driven predominantly by performance. (p. 10) In general, salary should be set to reflect responsibilities, tenure and past performance, and to be tax efficient – meaning no more than $1 million…. Cash incentive compensation plans should … appropriately align executive interests with company goals and objectives and to reasonably reward superior performance…. (p. 11) Re: provisions for: • salary, see p. 11; • annual incentive compensation, see pp. 11-12; • long-term incentive compensation, see pp. 12-13 • dilution, see p. 13; • stock option awards, see p. 14; • stock awards/units, see p. 14; • perquisites, see p. 15; • employment contracts, severance and change-of-control payments, see p. 15; • retirement arrangements, see p. 16; and • stock ownership, see pp. 16-17.

[28] *See* 2007 ABA Guidebook at 72 ("[The] exercise of independent judgment should result in the [compensation] committee creating and following a process to reach an informed decision that is something more than rubber-stamping somebody else's recommendations – how much more, of course, depends on the committee's judgment, as well as the facts and circumstances of the situation."); 2007 NACD Survey at 13 ("When asked whether the level of CEO compensation, relative to the CEO's performance, is appropriate, most respondents indicated that it ranged between 'somewhat high' and 'too high' (77.3% in 2007, unchanged from 77% in 2006)."); 2006 Korn/Ferry Study at 29 ("The majority (55 percent) of surveyed directors reported that their boards refined the CEO compensation package by increasing or adding restricted stock to the overall compensation awarded, a striking increase from the 36 percent who did so in 2005. Twenty-two percent eliminated or decreased the amount of restricted stock awarded to the CEO."); CII-NACD Task Force Report at 8-9 ("CEO compensation should be clearly linked to corporate performance and not excessive…. Directors should have a clear understanding of their company's executive compensation strategy and the various metrics and other standards that underpin it…. A significant portion of executive compensation should be linked to the company's performance. Performance-based pay should be conditioned upon the achievement of goals or metrics that are consistent with the interests of long-term shareowners and logically related to the strategy and financial circumstances of the particular company. Performance metrics should be designed to filter out most, if not all, of the gains resulting from market-wide and/or industry-wide movements. Targets should be based on periods longer than one year and should track the company's strategic plan. If the CEO has charted a five-year strategy, his/her incentive compensation should be paid out as key goals are achieved rather than front-loaded regardless of whether milestones are met. Performance targets should not be adjusted, except in extraordinary circumstances. The board should not lower the "goal posts" to help a CEO or other top executives collect a bonus…. Directors should consider internal pay equity in determining compensation. The timing of stock-option grants should not be at management's discretion. Boards should grant options at the same time each year, to minimize opportunities for manipulation. Reallocations or adjustments afterward should not be permitted. Directors should adopt formal ownership and retention guidelines for themselves and for management – including target amounts for equity holdings and other forms of compensation.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – a. Number and Structure of Committees[29]			
Every publicly owned corporation should have an audit committee of at least three members…. (p. 17) Every publicly owned corporation should have a committee … that addresses director nominations and corporate governance matters. [It] should have at least three members…. (p. 21) Every publicly owned corporation should have a committee … that addresses compensation issues. (p. 23) Additional committees, such as finance or risk management committees, also may be used. Some corporations find it useful to establish committees to examine special problems or opportunities in greater depth than would otherwise be feasible. (p. 16) *See* p. 9 (It is the responsibility of the board, through its corporate governance committee … to oversee the … structure … of the board and its committees.). *See also* p. 16 (Business Roundtable believes that the functions generally performed by the audit, compensation and corporate governance committees are central to effective corporate governance [but] does not believe that a particular committee structure is essential for all corporations. What is important is that key issues are addressed effectively by the independent members of the board.). *See also* p. 16 (A committee structure permits the board to address key areas in more depth than may be possible in a full board meeting.).	[K]ey committees [are] compensation, audit, and nominating or governance…. (p. 7) *See* p. 7 (Boards should establish guidelines for, and discuss with some pre-defined frequency, the number of committees [and] the size and structure of committees….).	Where committees of the board are established, their remit, composition, accountability and working procedures should be well-defined and disclosed by the board. (Principle 5.12) All corporations should establish the key committees of the board which include the audit, compensation and nomination/ governance committees. At least a majority and, preferably all members of the audit committee should be independent. The compensation and nomination/governance committees should be composed of a majority of independent directors. (Principle 5.13) [A] committee of independent directors should review every related party transaction to determine whether such transaction is in the best interests of the corporation and if so, ensure that the terms of such transaction are fair to the corporation. (Principle 5.14)	Companies should have audit, nominating and compensation committees, and all members of these committees should be independent. The board (not the CEO) should appoint the committee chairs and members. Committees should be able to select their own service providers. Some regularly scheduled committee meetings should be held with only the committee members (and, if appropriate, the committee's independent consultants) present. The process by which committee members and chairs are selected should be disclosed to shareowners. (p. 3)

[29] Under NYSE Listing Rules, domestic listed companies (subject to certain exemptions for "controlled companies") are required to have an audit committee, a nominating/corporate governance committee and a compensation committee. Appendix B at 4. Companies may allocate the responsibilities of the nominating/corporate governance and compensation committees to committees of their own denomination, provided that the committees are comprised entirely of independent directors. *Id.* *See also* 2007 ABA Guidebook at 51 ("There is no universal mandate for a particular committee structure…. Each board needs to tailor committee functions and responsibilities to its own needs. In the case of regulated enterprises, particular committees may be required or encouraged by regulators…."); 1990 Business Roundtable Statement at 12-13 ("A wide diversity of approach in committee structure and function responds to the specific needs of companies facing different business challenges and different corporate cultures, and reflects the need to allow organizational experimentation. Each corporation should have an audit committee, a compensation/personnel committee, and a nominating committee…. Some boards have a pension or retirement plan committee, a social responsibility or public policy committee, or other special function committees."); 2007 NACD Survey at 26 (Prevalence of standing committees (because of listing requirements, the survey no longer includes prevalence data on audit, compensation and governance/nominating committees): executive – 45.3%, finance – 26.1%, other standing committee – 20.5%, strategic planning – 13.8%, ethics/compliance – 11.2%, risk oversight/crisis management – 8.1%, employee benefits/retirement plans – 7.6%, technology – 7.2%, public affairs/policy/social responsibility – 5.4%, hr/labor relations/management development – 3.9%, environmental policy – 3.8%.); 2006 Korn/Ferry Study at 12 (Percentages of boards of FORTUNE 1000 companies with the following committee functions/names are as follows: audit – 100%; compensation – 99%; stock options – 84%; nominating – 97%; executive – 43%; corporate governance – 94%; finance – 30%; succession planning – 39%; investment – 15%; corporate responsibility – 17%; and director compensation – 52%. These committee names actually represent particular committee responsibilities. With the wide variation in actual committee names, Korn/Ferry standardized committee names for data analysis.).

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – b. Audit Committee – 1. Independence/Qualifications of Audit Committee Members[30]			
[Q]ualifications required for committee membership should be clearly defined and set out in a written charter…. Every publicly-owned corporation should have an audit committee of at least three members, who should all be independent directors…. The listing standards of the major securities markets require that all members of the audit committee qualify as independent directors under applicable listing standards … and that they meet additional, heightened independence criteria. Audit committee members should meet minimum financial literacy standards, as required by the listing standards of the major securities markets, and at least one member of the audit committee should be an audit committee financial expert, as determined by the board in accordance with regulations of the Securities and Exchange Commission. (p. 17)	Boards should require that key committees – compensation, audit, and nominating or governance – include only independent directors…. (p. 7)	At least a majority and, preferably all members of the audit committee should be independent. (Principle 5.13)	Companies should have audit, nominating and compensation committees, and all members of these committees should be independent. (p. 3)

[30] Under NYSE Listing Rules, domestic listed companies (subject to certain exemptions for "controlled companies") are required to have an audit committee, a nominating/corporate governance committee and a compensation committee, and all three committees must consist exclusively of "independent" directors. Appendix B at 4. Under both NYSE and Nasdaq Listing Rules, audit committee members must be financially literate or become so within a reasonable period of time. *Id*. at 11. The Sarbanes-Oxley Act requires that companies disclose whether or not the audit committee includes at least one member who is a "financial expert" and, if not, the reasons. *Id.* at 10. *See also* 2007 ABA Guidebook at 52-53 ("Membership should be appropriate to each committee's purpose and, in the case of a public company, comply with federal law and securities market requirements. Membership considerations include relevant experience, expertise and, for members of the key oversight committees, independence from management and ability to meet significant time commitments."); *id.* at 86 ("[T]he nominating/corporate governance committee will often make recommendations to the board regarding … the qualifications for membership on each committee."); 1990 Business Roundtable Statement at 12 ("It is recommended that the audit committee, compensation/personnel committee and nominating committee limit their membership to nonmanagement directors only."); 2007 NACD Survey at 26 (93.7% percent of companies have audit committees composed entirely of independent outside directors, 86.6% of firms indicated that they had only independent outside directors on their compensation committees, and 85.5% reported having only independent outside directors on their governance/nominating committees.); 2006 Korn/Ferry Study at 27 ("While the need will continue, the urgency to recruit members with financial experience seems to have abated. The number of respondents indicating their board had difficulty in recruiting individuals with this expertise dropped from 36 percent in 2005 to 20 percent in 2006.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – b. Audit Committee – 2. Meeting Frequency, Length & Agenda[31]			
The audit committee is responsible for supervising the corporation's relationship with its outside auditor…. The audit committee is also responsible for overseeing the corporation's financial reporting process…. The audit committee should understand and be familiar with the corporation's system of internal controls over financial reporting and its disclosure controls and procedures…. Unless the full board or another committee does so, the audit committee should oversee the corporation's program that addresses compliance with ethical and legal standards and important corporate policies…. The audit committee should understand the corporation's risk profile and oversee its risk assessment and risk management practices. The audit committee should oversee the corporation's internal audit function…. The audit committee should implement a policy covering the hiring of personnel who previously worked for the corporation's outside auditor…. Audit committee meetings should be held frequently enough to allow the committee to monitor the corporation's financial reporting appropriately. Meetings should be scheduled with enough time to permit and encourage active discussions with management and the internal and outside auditors…. The audit committee should also hold private sessions with the corporation's chief legal officer on a regular basis to facilitate the communication of concerns regarding legal compliance and significant legal contingencies. The audit committee also may determine that it is appropriate to hold private sessions with other parties, such as outside counsel, from time to time. (pp. 18-20) *See generally* Audit Committee, pp. 17-20.	*Not covered directly, but see* p. 6 (For committee meetings, committee chairs should work with the CEO and committee members to create agendas (incorporating other board members' input as provided) and to ensure that all relevant materials are provided in a timely manner prior to each meeting.). *See also* p. 7 (Boards should establish guidelines for … committees….) *See also* REPORT OF THE NACD BLUE RIBBON COMMISSION ON AUDIT COMMITTEES: A PRACTICAL GUIDE (2004).	The audit should be carried out by independent, external auditors who should be proposed by or with the assistance of, the audit committee of the board (or its equivalent where applicable) for approval by the shareholders. The corporation's interaction with the external auditor should be overseen by the audit committee on behalf of the shareholders. To limit the risk of possible conflicts of interest, non-audit services and fees paid to auditors for non-audit services should be both approved in advance by the audit committee and disclosed in the annual report. (Principle 3.4)	As prescribed by law, the audit committee has the responsibility to hire, oversee and, if necessary, fire the company's outside auditor. The audit committee should seek competitive bids for the external audit engagement no less frequently than every five years. (p. 5)

[31] Under NYSE Listing Rules, the audit committee is required to adopt and disclose a written charter that addresses its purpose and responsibilities. Appendix B at 11-13. For audit committee charter requirements, *see id*. Under the Sarbanes-Oxley Act, the audit committee of a public company is to be responsible for the appointment, compensation and oversight of the work of auditors. *Id.* at 11. In addition, the audit committee must pre-approve all services, whether audit or non-audit, provided to the public company by a registered accounting firm. *Id. See also* 2007 NACD Survey at 39 (The average number of meetings per year for audit committees was 7.2 (down slightly from 7.4 in 2006), spanning an average of 2.6 hours per meeting (down slightly from 2.7 in 2006).); 2006 Korn/Ferry Study at 14 ("While the Audit committee met an average of four times in 2001, the rate of frequency has more than doubled in 2006. Members of this committee now convene an average of nine times a year."); 2007 ABA Guidebook at 68 ("The audit committee should discuss and determine the number of meetings it needs to hold annually in order to deal effectively with its responsibilities. [A]n audit committee should meet at least four times a year…. [M]any audit committees schedule five to eight meetings a year, although some … may be by video or telephone conference.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – b. Audit Committee – 3. Auditor Provision of Non-Audit Services			
The committee should consider its overall approach to using the outside auditor as a service provider and identify those services, beyond the annual audit engagement, that the outside auditor can provide to the corporation consistent with applicable law and regulations and with maintaining independence. In pre-approving all nonaudit services to be provided by the outside auditor, as required by applicable law and regulations, the audit committee should decide whether to adopt a pre-approval policy or approve services on an engagement-by-engagement basis. (pp. 18-19)	*Not covered.*	To limit the risk of possible conflicts of interest, non-audit services and fees paid to auditors for non-audit services should be both approved in advance by the audit committee and disclosed in the annual report. (Principle 3.4)	The company's external auditor should not perform any nonaudit services for the company, except those required by statute or regulation to be performed by a company's external auditor, such as attest services. (p. 5)

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – c. Nominating/Corporate Governance Committee – 1. Independence/Qualifications of Nomination/Corporate Governance Committee Members[32]			
Every publicly owned corporation should have a committee composed solely of independent directors that addresses director nominations and corporate governance matters. (p. 21)	Boards should require that key committees – compensation, audit, and nominating or governance – include only independent directors…. (p. 7)	The compensation and nomination/governance committees should be composed of a majority of independent directors. (Principle 5.13)	Companies should have audit, nominating and compensation committees, and all members of these committees should be independent. (p. 3)

[32] See footnote 30.

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – c. Nominating/Corporate Governance Committee – 2. Meeting Frequency, Length & Agenda[33]			
The corporate governance committee recommends director nominees to the full board and the corporation's shareholders; oversees the composition, structure, operation and evaluation of the board and its committees; and plays a leadership role in shaping the corporate governance of the corporation…. [It] may also oversee the compensation of the board…. (p. 21) The corporate governance committee should monitor and safeguard the independence of the board [ensuring that] a substantial majority of the directors on the board meet appropriate standards of independence that are consistent with securities market listing standards…. The corporate governance committee also recommends directors for appointment to committees of the board…. The corporate governance committee should develop and recommend to the board a set of corporate governance principles, review them annually, and recommend changes to the board as appropriate…. The corporate governance committee should oversee the evaluation of the board and its committees. (pp. 22-23) *See generally* Corporate Governance Committee, pp. 20-23. *See also* The Business Roundtable, THE NOMINATING PROCESS AND CORPORATE GOVERNANCE COMMITTEES: PRINCIPLES AND COMMENTARY (April 2004).	*Not covered directly, but see* p. 6 (For committee meetings, committee chairs should work with the CEO and committee members to create agendas (incorporating other board members' input as provided) and to ensure that all relevant materials are provided in a timely manner prior to each meeting.). *See also* p. 7 (Boards should establish guidelines for … committees….). *See also* REPORT OF THE NACD BLUE RIBBON COMMISSION ON THE GOVERNANCE COMMITTEE: DRIVING BOARD PERFORMANCE (2007).	*Not covered.*	*Not covered directly, but see* p. 2 (The Council … believes shareowners should have … meaningful opportunities to suggest or nominate director candidates and to suggest processes and criteria for director selection and evaluation.).

[33] Under NYSE Listing Rules, the nominating/corporate governance committee is required to adopt and disclose a written charter that addresses its purpose and responsibilities. Appendix B at 14-15. For this committee's charter requirements, *see id*. *See also* 2007 ABA Guidebook at 83 ("[T]he board must be able to receive candid input from senior management. The [nominating/corporate governance] committee should consider how best to receive this input and have access to senior management. Some nominating/corporate governance committees determine that senior officers other than the CEO should also serve as directors, whereas others decide that attendance at board meetings by senior officers in a non-director capacity is sufficient to facilitate the board's ready access to information regarding the business and operations of the corporation."); *id.* at 86 ("[T]he nominating/corporate governance committee will often make recommendations to the board regarding … the qualifications for membership on each committee."); 2007 NACD Survey at 39 (The average number of meetings per year for nominating/governance committees was 3.8 (down slightly from 4 in 2006), for an average of 1.6 hours per meeting (down slightly from 1.7 in 2006).); 2006 Korn/Ferry Study at 14 (Nominating and corporate governance committees both averaged four meetings in 2006.).

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – d. Compensation Committee – 1. Independence/Qualifications of Compensation Committee Members[34]			
Every publicly owned corporation should have a committee composed solely of independent directors that addresses compensation issues…. All committee members should have sufficient knowledge of executive compensation and related issues to perform their duties effectively. (p. 23)	Boards should require that key committees – compensation, audit, and nominating or governance – include only independent directors…. (p. 7)	The compensation and nomination/governance committees should be composed of a majority of independent directors. (Principle 5.13)	Companies should have audit, nominating and compensation committees, and all members of these committees should be independent. (p. 3) All members of the compensation committee should be independent. Committee membership should rotate periodically among the board's independent directors. Members should be or take responsibility to become knowledgeable about compensation and related issues. They should exercise due diligence and independent judgment in carrying out their committee responsibilities. They should represent diverse backgrounds and professional experiences. (pp. 9-10)

[34] See footnote 30.

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – d. Compensation Committee – 2. Meeting Frequency, Length & Agenda[35]			
The compensation committee's responsibilities include overseeing the corporation's overall compensation structure, policies and programs; establishing or recommending to the board performance goals and objectives for the CEO and other members of senior management; and establishing or recommending to the independent directors compensation for the CEO and senior management. The compensation committee should see that the corporation's compensation policies reflect the core principle of pay for performance and establish meaningful goals for performance-related compensation. (p. 23) The compensation committee should require senior management to build and maintain significant continuing equity investment in the corporation [and] consider whether to require senior management to hold for a period of time a specified amount of stock earned through incentive-based awards. In addition to reviewing and setting compensation for senior management, the compensation committee should look more broadly at the overall compensation structure of the enterprise to determine that it establishes appropriate incentives for management and employees at all levels.… The compensation committee should consider whether the benefits and perquisites provided to senior management are proportional to the contributions made by management. (p. 24) *See generally* Compensation Committee, pp. 23-24. *See also* The Business Roundtable, EXECUTIVE COMPENSATION: PRINCIPLES AND COMMENTARY (November 2003).	*Not covered directly, but see* p. 6 (For committee meetings, committee chairs should work with the CEO and committee members to create agendas (incorporating other board members' input as provided) and to ensure that all relevant materials are provided in a timely manner prior to each meeting.). *See also* p. 7 (Boards should establish guidelines for … committees….). *See also* REPORT OF THE NACD BLUE RIBBON COMMISSION ON EXECUTIVE COMPENSATION AND THE ROLE OF THE COMPENSATION COMMITTEE (2007).	*Not covered.*	It is the job of the board of directors and the compensation committee to ensure that executive compensation programs are effective, reasonable and rational with respect to critical factors such as company performance, industry considerations and compensation paid to other employees inside the company. It is also the job of the compensation committee to ensure that elements of compensation packages are appropriately structured to enhance the company's short- and long-term strategic goals and to retain and motivate executives to achieve those strategic goals.… [It] should vigorously oversee all aspects of executive compensation for a group composed of the CEO and other highly paid executives … and any other highly paid employees, including executives of subsidiaries.… The compensation committee is responsible for structuring executive pay, evaluating executive performance within the context of the pay structure of the entire company, subject to approval by the board of directors. (pp. 6-7) In addition to attending all annual and special shareowner meetings, [compensation] committee members should be available to respond directly to questions about executive compensation.… In addition, the committee should regularly report on its activities to the independent directors … who should review and ratify committee decisions. (p. 8) *See generally* pp. 7-8 (Role of the Compensation Committee).

[35] Under NYSE Listing Rules, the compensation committee is required to adopt and disclose a written charter that addresses its purpose and responsibilities. Appendix B of at 15. For compensation committee charter requirements, see *id.* *See also* 2007 NACD Survey at 39 (The average number of meetings for compensation committees was 4.7 times a year (up slightly from 4.6 in 2006) with an average of 2.0 hours per meeting (down from 2.2 hours in 2006).); 2006 Korn/Ferry Study at 14 (Directors of compensation committees met an average of six times in 2006, up from an average of five in 2005); *id.* at 31 ("[T]he majority (78 percent) of respondents believe the primary focus … is to set management compensation levels. Issues such as stock options backdating scandals may have led to 57 percent of respondents choosing incentive/equity plan design as the Committee's priority…. It is also interesting to note this year's increase, from 39 percent to 45 percent, of respondents who point to succession planning as the most important duty.… This is likely related to the high rate of CEO turnover.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – d. Compensation Committee – 3. Independence of Compensation Advisors[36]			
Not covered	*Not covered.*	*Not covered.*	The compensation committee should retain and fire outside experts, including consultants, legal advisers and any other advisers when it deems appropriate, including when negotiating contracts with executives. Individual compensation advisers and their firms should be independent of the client company, its executives and directors and should report solely to the compensation committee. The compensation committee should develop and disclose a formal policy on compensation adviser independence. In addition, the committee should annually disclose an assessment of its advisers' independence, along with a description of the nature and dollar amounts of services commissioned from the advisers and their firms by the client company's management. Companies should not agree to indemnify or limit the liability of compensation advisers or the advisers' firms. (pp. 10-11) The Council believes that committees should have the ability to utilize a compensation consultant for assistance on director compensation plans. In cases where the compensation committee does utilize a consultant, it should always retain an independent compensation consultant or any other advisors as deemed appropriate to assist with the evaluation of the structure and value of director compensation. A summary of the pay consultant's advice should be provided in the annual proxy statement in plain English. The compensation committee should disclose all instances where the consultant is also retained (by the committee) to provide advice on executive compensation. In no circumstances should the committee utilize a consultant for director compensation or executive compensation who is also retained by management. (p. 18)

[36] *See* CII-NACD Task Force Report at 9 ("Compensation consultants hired by the board should not also work for management. This approach, similar to current rules on auditor independence, would guard against conflicts of interest that could lead consultants to design pay structures that are overly generous.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
IV. Board Committees – e. Assignment & Rotation of Committee Members[37]			
Decisions about committee membership and chairs should be made by the full board based on recommendations from the corporate governance committee. Consideration should be given to whether periodic rotation of committee memberships and chairs would provide fresh perspectives and enhance directors' familiarity with different aspects of the corporation's business, consistent with applicable listing standards. (p. 16) The corporate governance committee … recommends directors for appointment to committees of the board. The committee should periodically review the board's committee structure and annually recommend candidates for membership on the board's committees. The committee should see that the key board committees, including the audit, compensation and corporate governance committees, are composed of directors who meet applicable independence and qualification standards. (p. 22)	Boards should establish guidelines for, and discuss with some predefined frequency … the selection and rotation of committee members. (p. 7)	Where committees of the board are established, their remit, composition, accountability and working procedures should be well-defined and disclosed by the board. (Principle 5.12)	The board (not the CEO) should appoint the committee chairs and members.… The process by which committee members and chairs are selected should be disclosed to shareowners. (p. 3) [Compensation committee] membership should rotate periodically among the board's independent directors. Members should be or take responsibility to become knowledgeable about compensation and related issues. (pp. 9-10)

[37] *See* 2007 ABA Guidebook at 52-53 ("Membership should be appropriate to each committee's purpose and, in the case of a public company, comply with federal law and securities market requirements. Membership considerations include relevant experience, expertise and, for members of the key oversight committees, independence from management and ability to meet significant time commitments."); *id.* at 86 ("[T]he nominating/corporate governance committee will often make recommendations to the board regarding … the qualifications for membership on each committee. Consideration should be given to a policy of periodic rotation among the directors of committee memberships and the responsibilities of chairing committees."); 2007 NACD Survey at 28 (According to surveyed directors, the governance/nominating committee nominates chairs for the various committees at the greatest number of companies (61.0%, up from 58.4% in 2006). Other responses included: the full board (30.2%, up from 27.3% in 2006), the CEO/chair (20.1%, down from 23.1% in 2006), committee members (9.5%, down from 10.4% in 2006), and other (3.3%, the same as reported in 2006).); 2006 Korn/ Ferry Study at 27 ("While the need will continue, the urgency to recruit members with financial experience seems to have abated. The number of respondents indicating their board had difficulty in recruiting individuals with this expertise dropped from 36 percent in 2005 to 20 percent in 2006.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
V. Communication with Shareholders and Other Governance Practices – a. Board Interaction/Communication with Shareholders, Press, Customers, etc. [38]			
[I]t is the responsibility of the board to respond appropriately to shareholders' concerns. (p. 3) Corporations have a responsibility to communicate effectively and candidly with shareholders. The goal of shareholder communications should be to help shareholders understand the business, risk profile, financial condition and operating performance of the corporation and the board's corporate governance practices. Corporations communicate with investors and other constituencies not only in proxy statements, annual and other reports, and formal shareholder meetings, but in many other ways as well. All of these communications should provide consistency, clarity and candor. Corporations should have effective procedures for shareholders to communicate with the board and for directors to respond to shareholder concerns. The board, or an independent committee such as the corporate governance committee, should establish, oversee and regularly review and update these procedures as appropriate.… A corporation's procedures for shareholder communications and its governance practices should be readily available to shareholders.… The board should be notified of shareholder proposals, and the board or its corporate governance committee should oversee the corporation's response to these proposals. (pp. 31-32) *See also* The Business Roundtable, GUIDELINES FOR SHAREHOLDER-DIRECTOR COMMUNICATIONS (May 2005).	*Not covered, but see* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD-SHAREHOLDER COMMUNICATIONS (2008).	Shareholders should be provided with the right to ask questions of the board, management and the external auditor at meetings of shareholders, including questions relating to the board and questions relating to the annual external audit. In addition, shareholders should have the right to receive and discuss the annual audited financial statements of the corporation. (Principle 4.8) Corporate governance issues between shareholders, the board and management should be addressed through dialogue and, where appropriate, with government and regulatory representatives as well as other concerned bodies, so as to resolve disputes, if possible, through negotiation, mediation or arbitration. Where those means fail, more forceful actions should be available. For instance, investors should have the right to sponsor resolutions or [and] convene extraordinary meetings. (Principle 8.2)	Directors should respond to communications from shareowners and should seek shareowner views on important governance, management and performance matters. All directors should attend the annual shareowners' meeting and be available, when requested by the chair, to answer shareowner questions…. Directors should respond to communications from shareowners and should seek shareowner views on important governance, management and performance matters. [A]ll companies should establish a mechanism by which shareowners with non-trivial concerns could communicate directly with all directors, including independent directors. [R]equiring that all director communication go through a member of the management team must be avoided unless they are for record-keeping purposes. [P]rocedures documenting receipt, delivery to the board and response should be maintained and made available upon request to shareowners. In addition to attending all annual and special shareowner meetings, [compensation] committee members should be available to respond directly to questions about executive compensation; the chair of the committee should take the lead. (p. 10) *See* p. 2 (The Council … believes shareowners should have meaningful ability to participate in the major fundamental decisions that affect corporate viability….).

[38] *See* 2007 ABA Guidebook at 26-27 ("Although a public company director may receive inquiries from major shareholders, the media, analysts, or friends to comment on sensitive issues, particularly with respect to business strategy or financial information, an individual director is not usually authorized to be a spokesperson for the corporation. Directors should avoid responding to such inquiries, particularly when confidential or market-sensitive information is involved ... and should instead refer requests for information to the CEO or other individual designated by the corporation to deal with such inquiries."); *id.* at 91-92 ("Boards may … want to develop their own communication policies or practices with shareholders, as shareholder groups are increasingly requesting an audience with the independent directors or with an independent board committee to discuss their issues and concerns."); 2007 NACD Survey at 20 (About half (51.7%) of respondents felt their board's relationship with long-term investors is satisfactory, and 43.8% found their board's relationship with individual investors satisfactory.); *id.* at 21 (17.2% of respondents believe that a board representative should meet with institutional investors "more than twice a year," 15% "twice a year," 29.2% "annually," and 38.7% responded "never.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
V. Communication with Shareholders and Other Governance Practices – b. Shareholder Meetings & Proxy Proposals[39]			
The board should be notified of shareholder proposals, and the board or its corporate governance committee should oversee the corporation's response to these proposals. Directors should attend the corporation's annual meeting of shareholders, and the corporation should have a policy requiring attendance absent unusual circumstances. Time at the annual meeting should be set aside for shareholders to submit questions and for management or directors to respond to those questions. The board should seriously consider issues raised by shareholder proposals that receive substantial support and should communicate its response proposals to the shareholder-proponents and to all shareholders. (p. 32)	*Not covered, but see* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD-SHAREHOLDER COMMUNICATIONS (2008).	Jurisdictions should enact laws which provide shareholders with the right to put resolutions to a shareholders meeting which may be either advisory to the board of directors or may be binding upon the board of directors depending upon the criteria which must be satisfied by the shareholders putting the resolution. (Principle 4.7) Shareholders should be provided with the right to ask questions of the board, management and the external auditor at meetings of shareholders, including questions relating to the board and questions relating to the annual external audit. (Principle 4.8) Corporations should make a timely announcement of the outcome of a vote and to implement this recommendation, corporations should publish voting levels for each resolution forthwith following the [shareholder] meeting. (Principle 4.15) [I]nvestors should have the right to sponsor resolutions or [and] convene extraordinary meetings. (Principle 8.2)	Boards should take actions recommended in shareowner proposals that receive a majority of votes cast for and against…. During the annual general meeting, shareowners should have the right to ask questions, both orally and in writing, and expect answers and discussion where appropriate from the board of directors. Such discussion should take place regardless [of] whether those questions have been submitted in advance. All directors should attend the annual shareowners' meetings and be available, when requested by the chair, to answer shareowner questions. (p. 3) Corporations should make shareowners' expense and convenience primary criteria when selecting the time and location of shareowner meetings. Appropriate notice of shareowner meetings … should be given … in a manner and within time frames that will ensure that shareowners have a reasonable opportunity to exercise their franchise…. [S]hareowner meeting record dates should be disclosed as far in advance of the record date as possible…. [P]roxy statements should be disclosed before the record date passes whenever possible…. Polls should remain open at shareowner meetings until all agenda items have been discussed and shareowners have had an opportunity to ask and receive answers to questions…. Companies should not adjourn a meeting for the purpose of soliciting more votes…. Extending a meeting should only be done for compelling reasons such as vote fraud, problems with the voting process or lack of a quorum. Companies should hold shareowner meetings by remote communication … only as a supplement to traditional in-person shareowner meetings…. [A]ll directors should attend the annual shareowners' meeting and be available, when requested by the chair, to respond directly to oral or written questions. (p. 8)

[39] *See* CII-NACD Task Force Report at 7 ("Directors should ensure that the board is accessible and responsive, and carefully considers critical proxy issues that tend to attract large "against" votes from shareowners. Directors should share thoughts on these issues with shareholders through the proxy statement, 10-K, annual report and in meetings.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
V. Communication with Shareholders and Other Governance Practices – c. Disclosures Regarding Compensation[40]			
The compensation committee should oversee the corporation's disclosures with respect to executive compensation. In particular, the committee should use the compensation committee report included in the corporation's annual proxy statement to provide shareholders with meaningful and understandable information about the corporation's executive compensation practices. (p. 24)	Boards should disclose fully in the proxy statement the philosophy and process used to determine director compensation and the value of all elements of compensation. (p. 7) *See* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD-SHAREHOLDER COMMUNICATIONS (2008).	*Not covered directly but see* Principle 2.1 (Corporations should disclose relevant and material information concerning the corporation on a timely basis, in particular meeting market guidelines where they exist, so as to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sale of shares.).	The compensation philosophy should be clearly disclosed to shareowners in annual proxy statements…. The compensation committee should establish performance measures for executive compensation that are agreed to ahead of time and publicly disclosed. (p. 10) The compensation committee is responsible for ensuring that all aspects of executive compensation are clearly, comprehensively and promptly disclosed, in plain English, in the annual proxy statement regardless of whether such disclosure is required by current rules and regulations. The compensation committee should disclose all information necessary for shareowners to understand how and how much executives are paid and how such pay fits within the overall pay structure of the company. It should provide annual proxy statement disclosure of the committee's compensation decisions with respect to salary, short-term incentive compensation and all other aspects of executive compensation, including the relative weights assigned to each component of total compensation. (p. 11) *See* p. 3 (The company should disclose information necessary for shareowners to determine whether directors qualify as independent…. This information should include all financial or business relationships with and payments to directors and their families and all significant payments to companies, non-profits, foundations and other organizations where company directors serve….).

[40] *See* CII-NACD Task Force Report at 8 ("The board should understand and fully disclose the potential payout of all elements of the compensation program…. The corporation should fully disclose all aspects of its executive compensation program, including the value of all cash and non-cash compensation (including but not limited to stock options, deferred compensation, perquisites, and retirement and severance benefits). Directors should ensure that the Compensation Discussion & Analysis (CD&A) clearly addresses pay-for-performance relative to the company's peer group. Directors should disclose all relevant performance targets and thresholds used to make compensation awards. If such disclosure is not made in advance, because the company believes the information is competitively sensitive, the board should disclose the hurdles after the fact, when performance related to the award is measured.").

BRT Principles	NACD Report	ICGN Principles	CII Policies
V. Communication with Shareholders and Other Governance Practices – d. Shareholders' Role Regarding Executive Compensation ('Say on Pay')[41]			
Not covered.	*Not covered, but see* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD-SHAREHOLDER COMMUNICATIONS (2008).	The equity component of compensation schemes for board members and employees should be subject to shareholder approval. (Principle 4.9)	[A]ll companies should provide annually for advisory shareowner votes on the compensation of senior executives. (p. 9) Shareowners should approve the establishment of or any material amendments to annual incentive compensation plans covering the oversight group. (p. 12) Shareowners should approve all long-term incentive plans, including equity-based plans, any material amendments to existing plans or any amendments of outstanding awards to shorten vesting requirements, reduce performance targets or otherwise change outstanding long-term incentive awards to benefit executives. Plans should have expiration dates and not be structured as "evergreen," rolling plans. (p. 13)

[41] *See* CII-NACD Task Force Report at 9 ("Directors should consider seeking advisory shareholders' votes on the executive compensation policy and plan (the disclosures required by the SEC.)").

BRT Principles	NACD Report	ICGN Principles	CII Policies
V. Communication with Shareholders and Other Governance Practices – e. Anti-Takeover Devices/Classified Boards			
Not covered.	*Not covered, but see* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD-SHAREHOLDER COMMUNICATIONS (2008).	[C]orporations should not implement shareholder rights plans or so called "poison pills" without shareholder approval. (Principle 4.9) Each director should stand for election on a regular basis and, in any event, at least once every three years and shareholders should be entitled to vote on the election of each director separately. (Principle 5.10)	All directors should be elected annually (no classified boards). (p. 2) Corporations should not adopt so-called "*continuing director*" provisions (also known as "*dead-hand*" poison pills) that allow former directors who have left office to take action on behalf of the corporation. (p. 4) Shareowners should be allowed to vote on unrelated issues separately. Individual voting issues, particularly those amending a company's charter, bylaws or anti-takeover provisions, should not be bundled. (p. 7)

BRT Principles	NACD Report	ICGN Principles	CII Policies
V. Communication with Shareholders and Other Governance Practices – f. Shareholder Voting – 1. Shareholder Voting (including One Share/One Vote, Cumulative Voting, Confidential Voting and Broker Non-Votes)			
Not covered.	*Not covered, but see* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD-SHAREHOLDER COMMUNICATIONS (2008).	The exercise of ownership rights by all shareholders should be facilitated, including giving shareholders reasonable notice of all matters in respect of which shareholders are required to or may take action in the exercise of voting rights. (Principle 4.1) Boards should treat all the corporation's shareholders equitably and should ensure that the rights of all investors, including minority and foreign shareholders, are protected. (Principle 4.2) Corporations' ordinary shares should feature one vote for each share. (Principle 4.3) Markets and companies should facilitate access to the ballot…. [T]he ICGN supports initiatives to expand voting options to include the secure use of telecommunication and other electronic channels. (Principle 4.4) Corporate voting systems should be designed to enable institutional investors to discharge their fiduciary obligation to vote their shares, recognizing the duty of institutional investors to vote their shares responsibly, wherever practicable. (Principle 4.10) Equal effect should be given to votes whether cast in person or in absentia and meeting procedures should ensure that votes are properly counted and recorded. Corporations should make a timely announcement of the outcome of a vote and to implement this recommendation, corporations should publish voting levels for each resolution forthwith following the meeting. (Principle 4.15)	The shareowners' right to vote is inviolate and should not be abridged…. Companies should provide access to management proxy materials for a longterm investor or group of long-term investors owning in aggregate at least 3 percent of a company's voting stock to nominate less than a majority of the directors. Eligible investors must have owned the stock for at least two years. Company proxy materials and related mailings should provide equal space and equal treatment of nominations by qualifying investors. (p. 6) Each share of common stock should have one vote. Corporations should not have classes of common stock with disparate voting rights. Authorized unmissed common shares that have voting rights to be set by the board should not be issued with unequal voting rights without shareholder approval…. All proxy votes should be confidential, with ballots counted by independent tabulators. Confidentiality should be automatic and permanent and apply to all ballot items. Rules and practices concerning the casting, counting and verifying of shareowner votes should be clearly disclosed…. Broker non-votes and abstentions should be counted only for purposes of a quorum…. Shareowners should be allowed to vote on unrelated issues separately. Individual voting issues, particularly those amending a company's charter, bylaws or anti-takeover provisions, should not be bundled. (p. 7)

BRT Principles	NACD Report	ICGN Principles	CII Policies
V. Communication with Shareholders and Other Governance Practices – g. Supermajority Voting Requirements			
Not covered.	*Not covered, but see* REPORT OF THE NACD BLUE RIBBON COMMISSION ON BOARD-SHAREHOLDER COMMUNICATIONS (2008).	Shareholders should have the right to participate in key corporate governance decisions, including the right to nominate, appoint and remove directors on an individual basis as well as the external auditor and the right to approve major decisions…. Jurisdictions which do not have laws enabling the appointment and removal of a director or an external auditor by shareholders holding a majority of votes should enact them. Companies incorporated in such jurisdictions should nevertheless strive to provide such rights to shareholders. (Principle 4.5) Major changes to the core businesses of a corporation and other major corporate changes which may in substance or effect materially dilute the equity or erode the economic interests or share ownership rights of existing shareholders, including major acquisitions and major dispositions and closures of businesses, should not be made without prior shareholder approval of the proposed change. (Principle 4.9)	A majority vote of common shares outstanding should be sufficient to amend company bylaws or take other action requiring or receiving a shareowner vote. Supermajority votes should not be required…. A majority vote of common shares outstanding should be required to approve: • Major corporate decisions concerning the sale or pledge of corporate assets that would have a material effect on shareowner value…; • The corporation's acquiring 5 percent or more of its common shares at above-market prices other than by tender offer to all shareowners; • Poison pills; • Abridging or limiting the rights of common shares to: (1) vote on the election or removal of directors or the timing or length of their term of office; or (2) make nominations for directors or propose other action to be voted on by shareowners; or (3) call special meetings of shareowners or take action by written consent or affect the procedure for fixing the record date for such action; and • Provisions resulting in the issuance of debt to a degree that would excessively leverage the company and imperil the long-term viability of the corporation. (p. 7) • [Election of directors] (pp. 2-3)