Fact Sheet on Commonsense Corporate Governance Principles

- The health of America's public corporations and financial markets — and public trust in both — is critical to economic growth for American workers, retirees and investors.
- Millions of American families depend on public companies for work and millions more rely on public companies to improve their financial futures.
- Last year, a group with significant public company ownership as fiduciaries gathered to discuss the key issues surrounding corporate governance.
  - The group was chosen to represent all sides of the issues, without being unwieldy.
  - Everyone had an equal voice.
  - The common goal was to support good corporate governance.
- The group included some of the biggest asset managers in the US, as well as some of the biggest public companies, also activists, public pension funds and mutual fund companies:

  Tim Armour, Capital Group
  Mary Barra, GM
  Warren Buffett, Berkshire Hathaway
  Jamie Dimon, JPMorgan Chase
  Mary Erdoes, JPMorgan Asset Mgmt.
  Larry Fink, BlackRock
  Jeff Immelt, GE
  Mark Machin, Canada Pension Plan Investmt. Board
  Lowell McAdam, Verizon
  Bill McNabb, Vanguard
  Ronald O'Hanley, State Street Global Advisors
  Brian Rogers, T. Rowe Price
  Jeff Ubben, ValueAct
- These principles were not meant to be absolute, they are a starting point for what everyone hopes will be a continuing conversation on good corporate governance.
- Some of the key principles outlined include:
  - No board should be beholden to the CEO or management. Every board should meet regularly without the CEO present, and every board should have active and direct engagement with executives below the CEO level;
  - Diverse boards make better decisions, so every board should have members with complementary and diverse skills, backgrounds and experiences;
  - Every board needs a strong leader who is independent of management. The board's independent directors usually are in the best position to evaluate whether the roles of chairman and CEO should be separate or combined;
  - Companies should not feel obligated to provide earnings guidance — and should only do so if they believe that providing such guidance is beneficial to shareholders;
  - A common accounting standard is critical for corporate transparency, so while companies may use non-Generally Accepted Accounting Principles ("GAAP") to explain and clarify their results, they never should do so in such a way as to obscure GAAP-reported results;
  - The company's institutional investors making decisions on proxy issues important to long-term value creation should have access to the company, its management and, in some circumstances, the board.
- We encourage all to read the document at GovernancePrinciples.org and look forward to an ongoing dialogue to better strengthen corporate governance for the benefit of all Americans.