How long has it been since you reviewed your essential corporate governance practices?

Have you compared them recently to some best practices?

Are you able to provide the board with everything it needs to function effectively...and to do so as effectively as you would like to do so?

Kristina Veaco of the Veaco Group invites you to ask yourself the questions below, designed to raise awareness of just a few of the fundamental corporate governance practices and processes that will make boards more efficient...and more effective...

• Is your Board completely satisfied with the support it receives from the company?

• Are you meeting every one of the SEC and stock exchange requirements for effective corporate governance?

• Do your Board and Board Committees get all the staff support they need? Do they get everything they need to satisfy their fiduciary obligations - and do they get it in ample time and in ample detail to function at their best?

• Are meetings well planned, well attended and properly documented?

• Do you have a robust and effective Board orientation and education program?

• Are the right resources in place to interact *effectively* with your Board and to assure that all your governance practices are being implemented?

• Are you confident that you have adequate equity grant practices – and adequate governance practices here?

• Are your *investors* satisfied with your governance practices?

Many of you may not be as happy with the answers to these questions as you should be.

Many companies don't have, or may simply have failed to allocate the resources that are necessary to implement the corporate secretary function in the meticulous manner that's increasingly being demanded by rules and regulations, by boards - and by outside observers, rating agencies and proxy voting advisors.

Many times the Corporate Secretary's title is held by the Chief Financial Officer or the General Counsel and he or she may lack the time, the resources and the background information that's needed to get this work accomplished in a way that is aligned with "best practices." Outside counsel can provide advice, of course, but it is the *company* that is ultimately responsible for the implementation of its own corporate governance program and its relationship with its Board. In such cases you should consider bringing in an experienced corporate governance advisor - one with practical corporate secretarial experience, to provide the necessary support to the CFO or General Counsel.

Corporate Secretaries keep their boards organized and operating efficiently by following a fairly standard set of **"BEST PRACTICES" -** described in the sections that follow. They provide a framework for the board and the company to meet various legal and regulatory requirements, to get the board what it needs, to keep appropriate board records, and have sound governance policies and procedures:

1. **Develop Annual Agendas**. The organization of the board and its processes are critical to the smooth functioning of the board. So before the beginning of each year, develop annual agendas for each of the board and committee meetings based on historical agenda items, as appropriate, committee charter requirements, other required matters, benefit plan matters, regular financial reports, regular reports of the general counsel, corporate strategy presentations, as well as any corporate governance matters. Take a look at your

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company's corporate approvals process for any additional matters requiring board or committee approval. Review these agendas with senior management, and then with the Chairman of the Board and the Presiding or Lead Director, if any, and Committee Chairs. Take these to the board and committees for approval. Then go through the review process again several weeks prior to each set of meetings.

2. **Develop a Two-Year Meeting Schedule**. You really need a schedule of meetings for the board and each of its committees that goes out at least two years. Keep in mind your company's particular cycles, earnings release and quarterly and annual SEC filings schedules, the timing of the annual budget review and other recurring matters requiring board or committee approval. Make sure to stagger committee meetings so that directors on more than one committee are able to attend all meetings. At least once each year, the board should meet for an annual strategy session to be able to fully delve into the company's financials, its short and long-term strategic plans, and receive some formal director education, among other things. This session is often held offsite, and can last for 2 or more days.

3. **Develop and Distribute Board Materials Promptly.** Essential to the proper functioning of the Board is not just the quality of materials it receives in advance of meetings, but how long the members have to review the materials. Get input from outside legal and corporate governance advisors if you are uncertain as to what those materials should contain. Draft resolutions should be included in the materials. Be sure to create a record of everything you provide to your directors for the formal record.

Secure electronic delivery of board materials is becoming more popular and is an efficient way to deliver materials. But pay attention to the individual work styles of each of your directors. Send board materials out no later than one week prior to regularly scheduled meetings. If something unexpected comes up and you can't meet this time frame, communicate with your directors so that you know where they are and how they want to receive the materials on short notice. In these instances, electronic delivery – with hard copy to follow - can speed the process considerably.

3. **Minutes Matter…more than ever these days.** Minutes have to be taken by skilled professionals these days. Minutes need to be drafted with consideration for the elements of the business judgment rule: that the directors acted on an informed basis, in good faith and not in their personal self interest. The level of detail on a particular topic in the minutes will depend on the nature of that topic. Minutes should reflect who was present at the meeting, and make clear reference to materials provided to the directors, both in advance of and during the meeting. They should note if the topic was discussed and include any resolutions adopted. Minutes should not reflect what each director said, but should note generally that questions were raised on particular topics, and that discussions occurred. Once drafted and reviewed internally, minutes should be distributed *promptly* to the directors for their review before memories fade. In some cases, your tax or benefits lawyers should be part of the review process. Directors can formally approve minutes at the next scheduled meeting. Following the board's approval of minutes, any notes or drafts should be destroyed.

4. **Board Evaluations.** The board and its committees should regularly evaluate their own performance. The Corporate Secretary can facilitate the evaluation process. Sample evaluations, while readily available, should be tailored to the particular company and its board. Occasionally outside consultants may be brought in by the board to conduct the evaluation and report back the results. In some companies individual director evaluations are being conducted, often through oral interviews. The nature of the evaluations can vary from company to company, but in all companies, they must be handled with discretion.

Conclusion

It is never too late to take a fresh look at your essential governance practices, to make adjustments and improvements in line with "best practices" - where, by the way, investors are constantly raising the bar - or get help if you need to. The practices above are just some of the essential processes that directors expect from their companies. Having a sound corporate governance program in place is a corporate imperative in today's regulatory climate, both from an internal as well as external perspective. With a strong governance program in place the company's reputation with investors, credit rating agencies, D&O insurers and proxy advisory services will be enhanced.

In the just released ISS Governance Services US Corporate Governance Policy 2008 Updates, it is clear that a company's corporate governance practices can sway the outcome of an ISS recommendation as to whether to withhold/vote against directors.

Veaco Group provides practical corporate governance services - including the corporate secretary function - to resource-constrained companies of all sizes and stages of development.

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