



VEACO GROUP
Corporate Governance Advisors

BOARD EVALUATION SERVICES

Board evaluations are an invaluable tool for improving board effectiveness. They enable directors to reflect on how they are functioning as a board - what is working well and what improvements may be needed. They can be used to better align the board and senior management and can also be used as the basis for board succession planning. They allow board members to provide their perspective on what changes in board focus, process and practices may lead to greater board effectiveness. When individual director self-assessments are included as part of the evaluation process, directors also have the opportunity to reflect on their own levels of participation and effectiveness. Peer reviews help directors understand how they are perceived by their colleagues and can provide constructive feedback to improve individual and overall board effectiveness. Having the board evaluation conducted by experienced independent governance consultants from time to time can invigorate the process.

Why Veaco Group

At Veaco Group, when we conduct board evaluations we tailor the approach and adjust our process based on the particular needs of each board. We work with board and management leadership in advance to understand the company, current board practices and any issues of which the leadership is aware.

Elements of a board evaluation process may include all or some combination of the following:

- The board's evaluation of its own effectiveness
- Committee evaluations
- Individual director self-assessments
- Peer reviews

The evaluation process engages the board directly in reviewing its own practices and effectiveness. We believe that the use of a combination of tailored written questions and oral interviews, as opposed to standardized questionnaires yields the most comprehensive information about a particular board and how it is functioning. It is our practice to work with board leadership to determine the process best suited to a particular board.

We report evaluation results back in the aggregate and without attribution. We synthesize the information gathered, identifying issues of particular importance or which may need further discussion. We make recommendations based on the results and our experience working with boards on governance matters. If requested, we can assist with prioritization of issues and development of processes for implementing desired changes.

Our processes are all confidential to encourage candor on the part of the directors. Any notes on the interviews and any completed questionnaires are kept only until the results have been analyzed and presented. We are mindful of the attorney-client privilege to the extent it may apply to a particular board evaluation. We work with your general counsel and corporate secretary to document the evaluation process appropriately in corporate minutes.

Our Strengths

As corporate governance consultants we have a solid track record of working successfully with public, private, nonprofit, pension fund and agency boards. We bring to bear our perspective as governance practitioners and board advisors to offer practical solutions to improve board governance practices and board effectiveness.

As lawyers, we understand the legal underpinnings of board responsibilities, including fiduciary duties, and how governance practices may aid or hinder boards in carrying out those responsibilities.

Our experience as board members, former corporate secretaries and in-house lawyers responsible for corporate governance and the corporate secretary function for large public companies, we understand how boards operate and what board members need to be effective. We are experienced in working with directors and in listening to their concerns. We have firsthand experience implementing governance processes and practices for major boards and their committees. We understand the need for sensitivity and discretion as well as the practical realities of implementing changes to board practices.

Why use an Independent Governance Consultant?

No matter how comfortable the board may be with the corporate secretary, general counsel, fellow board members or the company's outside counsel, boards often find the use of an experienced independent governance consultant allows directors to be more candid in their comments on board operations, and particularly in their self-evaluations and in peer assessments. Independent governance consultants can often be more straightforward in their comments to the board than internal staff or the company's outside counsel when presenting the results of the evaluation. Experienced governance consultants also have the benefit of having worked directly with other boards and have seen firsthand how other companies have addressed similar issues.

Disclosure

Investors are calling for more transparency about how boards evaluate their own effectiveness. As a result, companies are beginning to include some disclosure on the evaluation process. We will assist in the development of appropriate disclosure on the process for the company's proxy statement.

Call us to discuss your board evaluation needs and how we can help.

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