BEST PRACTICES IN CORPORATE GOVERNANCE

Building trust in corporate governance is one of the cornerstones of a successful public or private corporation. Every employee must trust that corporate directors are acting in the long-term interests of the company, not in their own self-interest.

The following are strategies for improving corporate governance at the board level:

1. More than 50% of board directors should be outside members, defined as people who are not current or previous employees of the company.
2. The audit, compensation, and nominating committees should consist solely of directors who are not current employees of the company.
3. The CEO should not serve on the board of a company whose CEO sits on his or her board.
4. Directors should not serve on more than three boards.
5. Directors should not sell stock in the company, or exercise company options, for the duration of their terms.
6. All board members should disclose all forms of compensation from the company.
7. Every board should have a lead director who can convene the board without the CEO. This person should not be an employee of the company.
8. Every board should conduct an annual self-evaluation, involving both a review of board policies and an appraisal of individual directors. The findings should be made public.
9. Directors should be required to resign after 10 years.