



# Fundamentals of Board Governance

Presented By

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# What is Board Governance?

- The Act, process, or power of governing
- Decision making processes in the administration of an organization
- A structure that, at least in theory, works for the benefit of everyone
- A structure of relationships and processes to direct and control the enterprise in order to achieve the enterprises' goal



# Governance Goals: Non-Profit

- Owned by the public
- Serve the public
- Success is meeting the needs of the public and fulfilling their mission
- Board members are usually volunteers
- Excess of revenue over expenses should be spent to fulfill the mission
- State Attorney General enforces rights



# Governance Goals: For-Profit

- Owned by stockholders
- Generate money for the Owners
- Success is making a profit
- Board members are usually paid
- Profit is distributed
- Stockholders enforce rights



# Key Board Responsibilities



# Common Board Structures

- Governing boards
- Working boards
- Advisory boards
- Managing boards/Executive boards
- Fundraising boards
- Policy boards

# Fiduciary Duties

A legal obligation of one party to act in the best interest of another.

- Duty of Care
  - Requires that directors inform themselves prior to making a business decision of all material information reasonably available to them
- Duty of Loyalty
  - All directors and officers must act without personal economic conflict
- Duty of Lawful Obedience
  - Directors should remain faithful to and pursue the goals of the organization



# Common Governance Committees

- Audit
  - Oversees financial reporting and disclosure
- Compensation
  - Determines and approves the executive compensation plan
- Nominating
  - Evaluates the board of directors and examine the skills and characteristics needed in board candidates





# Additional Committees

- Risk
  - Responsibility for the risk management policies of the organizations' global operations and oversight both physical and cyber related
- Executive
  - Prioritizes issues for the full board to address and has the authority to make decisions and ensure that these decisions are carried out
- Finance
  - Develops the organizations' budgeting and financial plan



# Trends for Corporate Boards

- Diversity
- Environmental, Social, and Governance (ESG)
- Active in-person engagement with index funds and large shareholders
- Tech innovations
- Crisis management



# Trends for Corporate Boards



- SEC proxy roundtable
- New resources
- Tech experience
- Hedge fund outreach
- Retirement policies

# About BoardBookit

- BoardBookit is a boardroom empowerment platform built to streamline and innovate board administration, board member responsibilities, and board meeting best practices
- Architected with input from corporate governance professionals to enhance the way board meetings and preparation are experienced
- Centered around security and collaboration, BoardBookit ensures a seamless and intuitive experience trusted by companies worldwide





# Thank you!

Are there any questions?

