

Key Responsibilities of the Lead Director

Governance Perspectives

Presiding Director or Independent Chair

A board reference tool. JANUARY 15, 2014

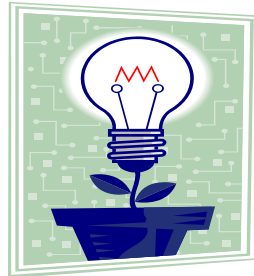
If your company elected a board chair separate from the CEO, or if the board appointed a lead director, or an independent chair that runs executive sessions, then you know first hand that the responsibilities of the person who wears this board leadership hat have evolved. Let's call this person the presiding director.

Traditionally, the presiding director's only role was to chair the meeting when the CEO wasn't present and the only qualification was that he not be an insider. Today, the presiding director role has matured to include being the independent link between management and the board; and the link between the board and company shareholders. It is a more critical role and takes more time.

The presiding director sets the board's agenda and is a central leader for effective oversight of management and the carrying-out of the board's fiduciary duties.

Suggested key responsibilities follow, but the actual job description will be unique to each company. Directors should consider including a description of the presiding director's duties in the company's governance guidelines.

The Lead Director



A more critical and time consuming director role

21 Key Responsibilities

1. Leads the board in putting forth its expectations for tone at the top.
2. Works to implement the company's corporate governance principles.
3. Reviews agendas in advance of each meeting and offers suggestions.
4. Chairs the executive sessions of the board.
5. Coordinates the work of the board and its committees.
6. Keeps meetings on track and directors out of the weeds.
7. Enables better outcomes through a joint decision process.
8. Ensures that all director comments are heard.
9. Facilitates consensus among board members on key issues.
10. Mentors new directors.
11. Recommends, as needed, the retention of outside advisors who report directly to the board.
12. Conveys messages generated during executive sessions to the CEO.
13. Spends more time than other members of the board with management below the CEO level to aid better communications from the board to management, and from management to the board.
14. Periodically attends investor meetings with the CEO
15. Listens to shareholders and communicates appropriately.
16. Leads the board's process for hiring, compensating and evaluating the CEO (working with the compensation committee).
17. Makes certain the CEO development and succession planning process is robust.
18. Includes board and committee succession planning as a board agenda item (working with the nominating and governance committee).
19. Leads or oversees a meaningful board evaluation process.
20. Evaluates the board education program.
21. Monitors the company's choice of leadership structure in the context of internal and external needs.



Key Presiding Director Qualifications

- ✓ **Independence** - is free of any potential conflict of interest issues.
- ✓ **Bandwidth** - has the ability to spend the required amount of time on board matters.
- ✓ **Capable** - of facilitating consensus and understands that the PD is a facilitator, not a dictator.
- ✓ **Knowledgeable** - about the company

9 Tips for a successful CEO-PD relationship

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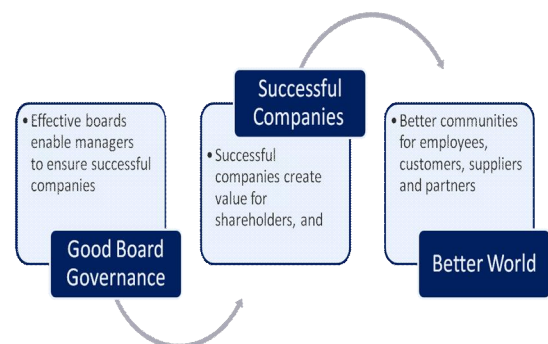
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9 Tips for a Successful CEO-Presiding Director (Lead Director) Relationship

1. **Respect.** A successful relationship is based on a mutual respect for one another.
2. **Open communication.** The CEO and the PD must maintain a high level of honest and open communication that includes both listening and talking.
3. **Frequent communication.** The CEO and PD must develop a regular communication pattern.
4. **Chemistry.** More than mutual respect and frequent conversation, communications must be direct and unrestrained.
5. **Access.** CEOs and PDs must have unrestricted access to both fellow board members and to top management.
6. **Tenure discussions.** The tenure of the PD, and whether or not it should be a role that rotates among board members, should be discussed periodically.
7. **PD “scope creep avoidance.** The CEO and the PD must be conscience of the potential for “scope creep,” where a PD steps over the line and tries to run the company or undermine the CEO.
8. **Shared commitment** to an adherence to good board governance practices.
9. **Shared commitment** to corporate well-being and increased shareholder value.



í Good governance means good people, with integrity, curiosity, candor and commitment to the company’s success í