

## Corporate Governance and the Role of the Board in 2013

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PRACTICES Corporate Governance

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Good corporate governance is crucial to the effective functioning of any corporation. Because directors and their decisions and decision-making processes are currently subject to intense public and political scrutiny, there has been an increased focus by directors on the proper role and functioning of boards. Many commentators believe that prudent and thoughtful action by board members, rather than governmental or stock exchange oversight and regulation, is of paramount importance in improving board performance. The manner in which directors work with each other and with management to govern the company, shape its strategic vision, and oversee the implementation of that vision presents many complex issues that are often not susceptible of being effectively regulated by government. It is impossible to have a "one-size-fits-all" approach to effective functioning of boards of directors. Accordingly, each board of directors should develop structures, policies, and practices which are specifically tailored to the needs of each company and present a framework for the prudent exercise of their judgment in decisions which affect the corporation.

In the discharge of their duties, the Directors owe fiduciary duties to the company and its shareholders. To satisfy these duties, each director must exercise his or her independent, informed, and good faith business judgment in the best interests of the company and its shareholders.

Because of the changing landscape of corporate governance, it is more important than ever for each board member to have a firm understanding of the fundamentals relating to the board's core functions, its role and duties, its procedures and operations, and the key issues facing the board. This outline is intended to assist board members in understanding the proper role and functioning of the board in the new political and regulatory environment in which we live.

Although the corporate law of the State of incorporation of a corporation will generally govern issues relative to corporate governance and fiduciary duties of directors, this outline is written from the perspective of Delaware law due to the well-recognized use of Delaware law as a guide for corporate governance issues.

***To read the full paper, click on the PDF linked below.***

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