

## TOP TAKEAWAYS

## BOARD COMMITTEE STRUCTURE, RESPONSIBILITIES, AND COMPOSITION

**1. Effective use of committees can streamline board meetings.**

Delegating specific responsibilities and action items to committees can allow board meetings to be much more efficient and successful.

**2. Committees can help simplify governance.**

Corporate governance can be complicated, but committees can help simplify the process by breaking the Board's responsibilities into executable pieces and by executing these responsibilities in a manner that is as simple and understandable as possible.

**3. Committees should be action based.**

Committees, especially ad hoc committees, are typically formed with a specific set of responsibilities or action items and well-functioning committees are often those that commit to an action based approach to their functions.

**4. Executive sessions are vital and should be routine.**

Executive sessions where only independent directors are present are important for encouraging open and honest communication among the members of the Board, which can help not only address problems but can also assist the company's management to reaffirm and/or refine strategy. Executive sessions should be a matter of routine (*i.e.*, should occur at the end of every Board meeting) as committee members may hesitate to call an executive session when an issue arises.

**5. Reporting back to the full board is critical.**

In order for the committee structure to work properly, the committees should regularly report back to the full Board on the committees' specific action items and responsibilities.

**6. Regulations can be a reference for best practices.**

Companies that are not subject to strict regulatory regimes (such as Sarbanes-Oxley, banking regulations, insurance regulations, etc.) can nevertheless find examples of best practices for the use of committees in corporate governance in those regulations and adopt such practices or adapt them to their businesses.

7. **Committee charters are important tools to guide committees.**

A committee's charter is important as a set of operating principles for the committee and should clearly set out the responsibilities with which the committee is charged. Committee charters should be periodically reviewed and updated by the committee.

8. **Regular refreshment of the committee chair can increase committee function.**

Many companies have begun to impose term limits for committee chairs, which forces the committee to take a fresh look at its duties and can help a committee increase its function and prevent stagnation.

9. **Onboarding of new committee members is important to governance.**

Getting new committee members up-to-speed on the business and the committee's responsibilities quickly and thoroughly can be extremely valuable and key to the refreshed committee's continued function.

10. **Committee evaluations can help with continued improvement.**

While the form of committee and committee member evaluations varies (self-evaluation, peer reviews, interview, committee chair debriefs, etc.), evaluations can provide committees and committee members with important feedback to allow the committee and its members to evolve and improve.

For more information on Board Committee Structure, Responsibilities, and Composition, please feel free to contact the moderator directly:

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