Foreword

This is the Seventh Edition of the Corporate Director’s Guidebook. Since its initial publication in 1978, countless directors, business executives, advisors, students of corporate governance, and others have come to rely on the advice and commentary in the Guidebook.

The primary purpose of the Guidebook is to provide concise, practical guidance to corporate directors in meeting their responsibilities. The Guidebook focuses on the role of the individual director in the context of the duties and functions of the board and its key committees (audit, nominating and governance, and compensation). Although many director decisions and tasks occur against a legal backdrop, we emphasize the law only in limited and necessary instances; otherwise the Guidebook attempts to avoid legalisms.

The Seventh Edition explores the role of directors in the ever-evolving area of engagement between a corporation and its shareholders.

Director decisions and oversight responsibilities continue to be subject to a significant level of public and shareholder scrutiny. To help directors engage in effective oversight and decision-making processes in the current environment, the Seventh Edition emphasizes the following key topics:

- the role of directors in the engagement between a corporation and its shareholders;
- tension between long-term strategies for growth and the interests of investors with a short-term focus;
- corporate responsibility and social goals in long-term value creation;
- sustainability and ESG (environmental, social, and governance) performance;
- employee safety, welfare, and talent development;
- board composition, refreshment, diversity, skills, and compensation;
• executive compensation design, particularly as it relates to performance and risk;
• risk management, including processes for identification, assessment, and mitigation;
• crisis preparedness, including natural and technological crises as well as reputational risks from any inappropriate, unethical, or illegal behavior of executives or other constituents of the corporation; and
• fiduciary duties and best practices in mergers and acquisitions (whether negotiated or unsolicited).

The Guidebook provides important information for directors of public companies and also is relevant to directors of all companies in understanding their duties and obligations. The Corporate Laws Committee hopes directors and their advisors will benefit from this Seventh Edition of the Guidebook.

Respectfully submitted,

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