



THIS WEEK'S PROGRAM

June 4, 2024

2023-2024 Board Members

President Edwin Peacock

Pres Elect Kim Brattain

Past Pres William Bradley

Secretary John Cantrell

Treasurer Craig Field

Exec Sec Christine Cipriano

Directors 2022-2024

Will Barnhardt

Glenn Bouley

Margaret Donovan

Laura Little

Mark Norman

Diego Ramon

Robert Shaw

Directors 2023-2025

Patrick Baker

Linwood Bolles

Terri DeBoo

Andy Dinkin

Donna Dunlap

David Head

Joel Ford

Membership Terri DeBoo

Foundation Joe Morris

Programs Andy Dinkin



***Peter C. Browning,
former CEO of National
Gypsum and Sonoco***

***“How Corporate
Boards Work”***

by **Elly Clary**

For public companies listed with S&P, corporate board size averages about 11 people and members' average compensation is \$320,000.

“That’s a lot of money for serving on a corporate board,” said Peter Browning, even if much of it is in stock. His firm, Peter Browning Partners LLC, advises such boards.

The figures are part of a snapshot of corporations Browning delivered to Rotarians.

He offered a brief history of publicly traded firms, starting in 1602 with the East India Company. He led Rotarians through the 1817 establishment of the New York Stock Exchange as well as the 1930s creation of the Securities and Exchange Commission.

Accounting scandals at WorldCom and Enron gave rise to the 2002 Sarbanes-Oxley Act which required major changes for corporate boards. It mandated:

- Independent directors must make up a majority of corporate board membership.

- All boards must have committees to oversee compensation, nominating, and governance and audit.
- Boards must perform annual assessments of themselves.

But what he called the single most important change was that a board's independent directors were required to meet alone, without the firm's chief executive officer. Thus evolved the position of lead director, a person designated to preside at such meetings and provide feedback to the CEO.

This and more were part of Charlottean Browning's presentation called "How Corporate Boards Work." Browning has been a C-level executive of several companies, including National Gypsum and Sonoco Products. He has served on multiple boards and is a former dean of the McColl School of Business at Queens University of Charlotte.

Other insights Browning delivered:

- Corporate-wide, women make up 38 percent of directors. Browning is a member of 50/50 Women on Boards, a global non-profit whose goal is to move the needle to 50 percent women.
- Underrepresented minorities make up 36 percent of boards membership.
- Currently, 57 percent of boards have a mandatory retirement age of 75 or older. Sometimes, members stay on past 80. Browning will be 83 this year and he remains on two boards.

"Even if it tried, a board could not run a company," Browning said. It would be futile for directors who meet four, maybe six, times a year for less than 24 hours a clip to manage a firm with a sizeable market cap.

That said, he listed important questions any board needs to answer:

- Do you have the right CEO?
- Do you know who the emergency successor is? You'd better have a robust succession chart.
- Do you have the right strategic plan? That's the CEO and management team's responsibility. But board members should review the plan in light of available data.

A recording of the meeting can be found here: <https://vimeo.com/954134761>
The program introduction begins at approximately 26 minutes and 50 seconds.