Corporate Governance: Core Beliefs

The SBA believes a well-governed publicly traded company is characterized by the implementation of several standardized structures, policies, and procedures that are reviewed on an annual basis by the issuer's board of directors. These best practices are well known and extensively researched by top business schools across the globe. Moreover, these practices have been adopted by several issuers and acknowledged by institutional investors to be the example of good corporate governance. Below are a few of the SBA's core beliefs which can be found in our Corporate Governance Principles & Proxy Voting Guidelines that are reviewed and updated annually.

1. One share receives one vote (no dual class share structures with inequitable voting rights assigned to one share class)
2. The Chairman of the board is independent of management
3. All board committees consist only of independent directors
4. At least 75% of the board's directors are independent, meaning they have no relationship with the company other than the director position itself
5. Assuring the board has sufficient information to carry out its responsibility to monitor management
6. All directors are elected by simple majority of voted shares on an annual basis, or by plurality in the event of a contested election
7. No anti-takeover devices such as supermajority voting thresholds, poison pills (shareowner rights plans), etc., without shareowner approval
8. Executive compensation is performance-based using leading pay-for-performance metrics, with all compensation plans subject to shareowner approval
9. Full disclosure to shareowners of all assumptions used to value the awards of options or other compensation plan items
10. Directors and senior management own significant amounts of company stock, and the company has adopted detailed stock ownership guidelines