

The problem with returning to the Board of Directors after a year off:

The primary concern with a model that allows directors to take one year off then return to the Board for up to 5 years, is that it can create a monopoly or power play in which no new Directors would be able to access the Board.

Director 1

Director 2

Director 3

Director 4

Director 5

Director 6

Director 7

Director 8

Director 9

Director 10

Let's use this example provided which is consistent with the recommendation to have 8 Board members moving forward. Here we are showing 8 people with two taking a year off.

The next year...

If we had a system that allowed Directors to return to the Board after a year off, then in year two of the plan, the 2 Directors who sat out the previous year would return.

Notice how all Directors now engage in a game of “musical chairs”.

Directors 1 and 2 now take a year off and Directors 9 and 10 come back to the board.

Director
3

Director
4

Director 5

Director 6

Director 7

Director 8

Director 9

Director
10

Director
1

Director
2

Year Three...

Director 5

Director 6

Director 7

Director 8

Director 9

Director
10

Director
1

Director
2

Director
3

Director
4

If the system continues, then you can see how we're still using the same pool of Directors and we've brought no new people to the Board.

It becomes a power play where the existing 10 people can continuously protect each other as they rotate through the Board.

Each year existing Board members take a year off, then they come back and can put in another 5 years while blocking new bodies and members from Board access.

System

continued...

The only way to ensure that there are new Directors who enter into the Board over time, is to have a total years of service cap for Directors.

This ensures there is no monopoly. This ensures there is no power play. This ensures there are always new people coming into the Board and system, while still giving members up to 6 years of service.

Director 7

Director 8

Director 9

Director
10

Director
1

Director
2

Director
3

Director
4

Director 5

Director 6