Enhancing Board Quality and Effectiveness

Jesus P. Estanislao, Ph.D.
Chairman
Institute of Corporate Directors
Are corporate boards effective?

Are they good?

How can we make them even better?
Corporate Board Functions and Roles

Tricker Model

ICD Expanded Tricker Model

- Compliance/Conformance
- Performance
- Set Accountability
- Establish Strategic Direction
- Work with Management thru CEO
- Set Policies
- Monitor Performance
- Past
- Present/Future

Ethics
Social Responsibility
Governance Culture
Compliance Progress in Asia

- Size of boards and their composition or mix
- Director qualification
- Director nomination and election
- Director training
- Director code of conduct and board protocol
- Director independence
- Board committees
- Director resource support and time commitments
- Director access to relevant information
- Performance evaluation
- Sanctions
- Remuneration
- Succession planning
- Exit interview
Does CG matter in positive ways of actually making a difference?

After Compliance, are our Corporate Boards Effective and Good?
Compliance is where we start...

CG Reform Process

- Regulators
- PLCs
- Investors
- Media & Reputational Agents
The Next Step is Performance and Delivery of Results ...

Performance-Oriented & Results-Focused

Governance Policy on Board Process
Cascading
Reporting
Strategy & Performance Review
Governance Report Card
Performance Scorecards
Strategy Map
Performance Governance System

**Performance**
- Goes beyond the financials of the corporation (Learning and Growth, Internal Process, Customers)

**Governance**
- Goes beyond the quarter-to-quarter efforts (medium term strength and long-term sustainability)

**System**
- Relates: strategic priorities with operational processes; short-term with long-term results; individual with team-based breakthroughs

*Beyond compliance, into performance, directed and orchestrated by corporate boards concentrating on the key roles and functions*
Enhancing Board Quality and Effectiveness

Jesus P. Estanislao, Ph.D.
Chairman
Institute of Corporate Directors