

THE IMPACT OF CORPORATE GOVERNANCE IN THE ENTERPRISE VALUE

An approach to the evaluation of a Board of Directors

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Board and Management

Values

B O D

Policies

What

interface

CHAIRMAN

interface

CEO

Results

Means

How

MANAGEMENT

The Matrix

BOD evaluation Criteria

- Mission and Principles
- Structure
- Operating procedures
- Board & Management
- Board & Shareholders
- Board & Community
- Board Value Added

The Matrix

Criteria Levels

Level 1: Understanding the need to improve **CG**

Level 2: Concrete steps towards establishing best practices

Level 3: Implementation of best practices

Level 4: Leadership

Criteria Factors

- A weight for each criteria
- Flexibility to adjust the matrix to the business situation

BOD Evaluation Matrix

LEVEL	SCORE	Mission & Principles	Structure	Board Oper. Procedures	Board & MGMT	Board & Shareholders	Board & Community	Board Contribution	Total Evaluation
1	0-1								
2	>1 to 3								
3	>3 to 7								
4	>7 to 10								
Score		0	0	0	0	0	0	0	100
Factor		20	7	7	10	10	6	40	
Total		0	0	0	0	0	0	0	

Mission and Principles

an example of level progression

Level 1: The **Values and Mission** of the Company have not been created or are not in use.

Level 2: The **Values and Mission** of the Company have been created and communicated, but employees are not committed to them.

Mission and Principles

an example of level progression

Level 3: The **Values and Mission** of the Company have been deployed and are shared by employees

Level 4: The **Values and Mission** of the company have been deployed and employees are fully committed to them.