

## Impacting Sustainable Corporate Value *Ten Principles for Boards*

Whatever your opinion on governance reform and tick-box compliance activity, one thing is clear, directors must spend more time ensuring sustainable corporate value.

To be a positive influence on value creation, effective directors follow ten basic principles.

### *Board Responsibility*

### *The Board's Value Creation Based Principle*

#### VALUE CREATION

1. Engage in strategic planning
2. Know the shareholders' perspective of the company
3. Focus on value drivers
4. Prioritize ERM (enterprise risk management)

#### TALENT MANAGEMENT

5. Lead CEO succession planning
6. Oversee performance and manage executive compensation

#### OVERSIGHT

7. Cultivate "tone at the top"
8. Oversee financial performance and operations

#### BOARD OPERATIONS

9. Implement good governance
10. Conduct board evaluations & plan for board succession

**S**trategic planning will be on every board meeting agenda. The process for developing a value creation plan will be collaborative with management (including managers in operations as well as corporate functions).

**T**he board will commission an investor perception study, a report that delivers candid and unbiased comments from independent analysts and stakeholders.

**W**hen reviewing value drivers, the board will examine performance and investor perception of non-financial factors, e.g. leadership, credibility and transparency.

**A**ided by the differing perspectives and expertise that the board brings to the discussion, directors will ensure that management implements a fully developed risk management system.

**C**EO succession planning will be a regular board agenda item and directors will ensure they have a line of sight beyond the senior management team. The board will prepare for natural and emergency CEO succession scenarios.

**T**he board will ensure that compensation is fair, that it is tied to performance and value creation, and that potential risks created by compensation plans are avoided.

**T**he board will drive a values-based leadership environment.

**T**he board will take its oversight responsibilities seriously: it will ask probing questions, require meaningful answers, and engage in constructive interaction with management and among all board members.

**E**ffective directors stay educated. In order to know the right questions to ask, they will continue their education in their own profession, in the industry, and in board governance. The board will convert best practices into the right practices for the company.

**T**he board will annually pause and meaningfully ask, "how can we do our job better." Periodically, the board will utilize an independent approach for the board and committee assessments. The use of strategic director recruitment will ensure the board includes a mix of individuals with the appropriate expertise to ensure the company creates value for shareholders.

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