The centre for corporate governance
Board leadership services

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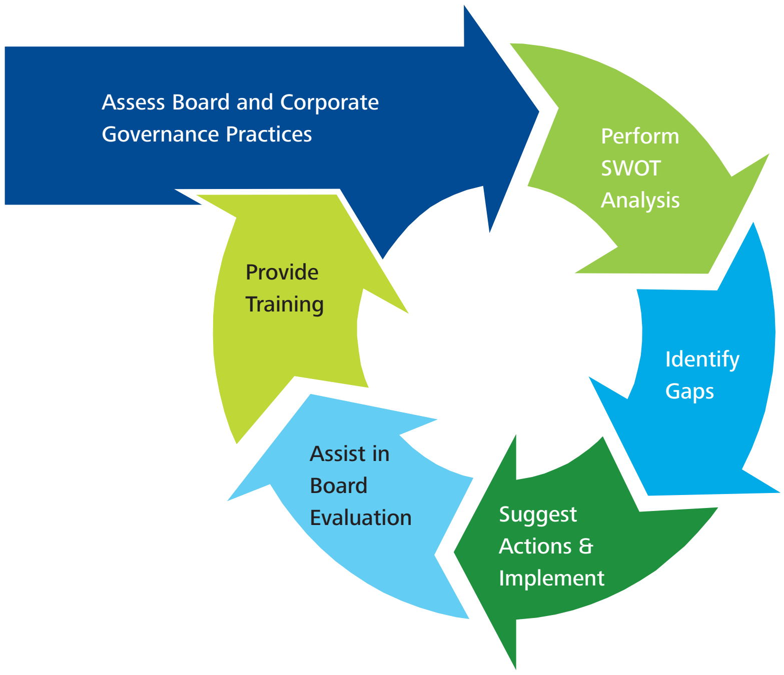
Introduction

As Indian companies experience a changing regulatory landscape, rapid growth and international expansion, they should look to adopt prudent measures to safeguard shareholder interests. Given the escalating concerns of various stakeholders such as regulators, investors, employees, and business partners, corporate governance has changed from merely being a buzz word to a dependable and tangible method to ensure preservation of shareholder value.

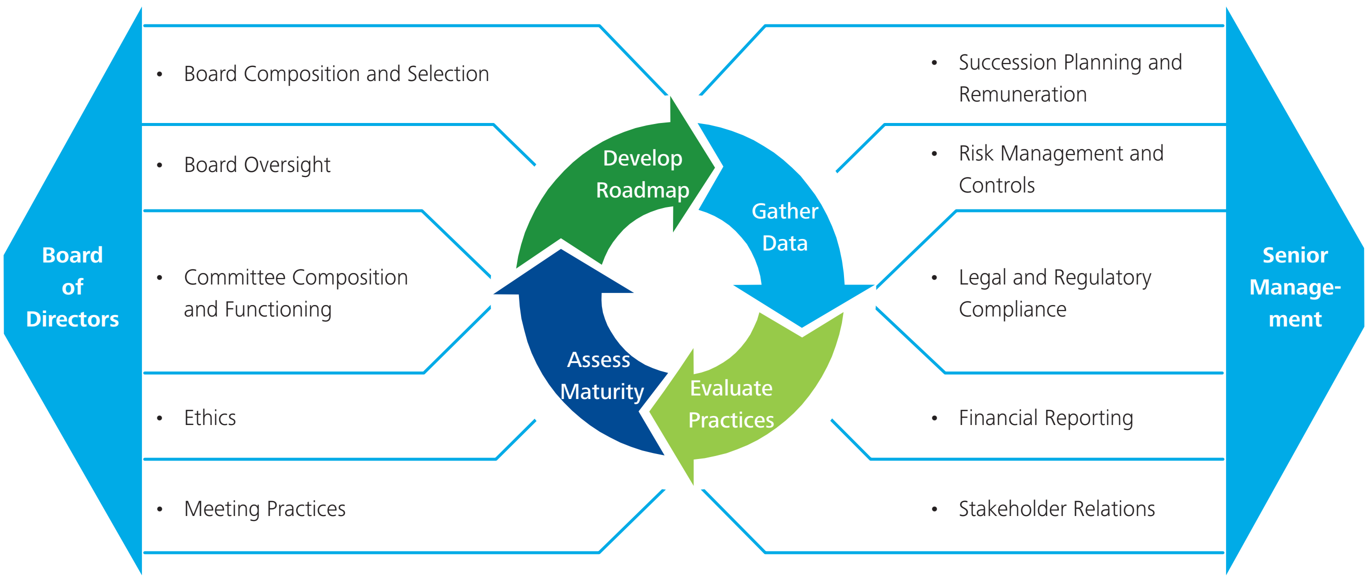
Deloitte Touche Tohmatsu India Private Limited (Deloitte)'s Centre for Corporate Governance aims to promote board leadership through a continuous dialogue among Deloitte, corporations and their boards of directors, investors, academia, and government. The centre brings together the knowledge and experience of Deloitte in India and the world-over in the critical areas of corporate governance.

The centre facilitates a range of assessment services to help corporate boards and their sub-committees in gauging their performance and effectiveness. Examples of these services include assessment of board effectiveness, assessment of ethics and compliance programs, and assessment of board's risk management practices.

Approach



Methodology



Tools and resources:

Combining its deep experience of corporate governance advisory, Deloitte has developed a wide array of innovative tools and methodologies which companies can deploy to improve their corporate governance practices.

Corporate Governance Maturity Model

Corporate Governance Maturity Model is an industry-agnostic framework that lists key attributes associated with five discrete levels of maturity on the continuum to becoming a better governed enterprise. It can help companies identify where corporate governance capabilities may lie on a maturity continuum. The model, while incorporating mandatory and recommended compliances, also takes into account international best practices thus making it a robust, practical and value-adding tool.

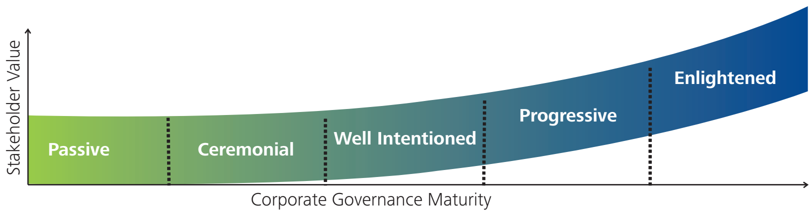
Corporate Governance Diagnostic:

Corporate Governance diagnostic tool is an industry-agnostic tool that is based on the fundamental areas of responsibility of the board, its sub-committees and executive management and helps companies identify where they are on the Corporate Governance Maturity Model. By assessing an enterprise's governance capabilities across a number of dimensions, this tool can help companies better understand the actions that need to be taken to advance the efficiency and effectiveness of governance.

These tools can help companies:

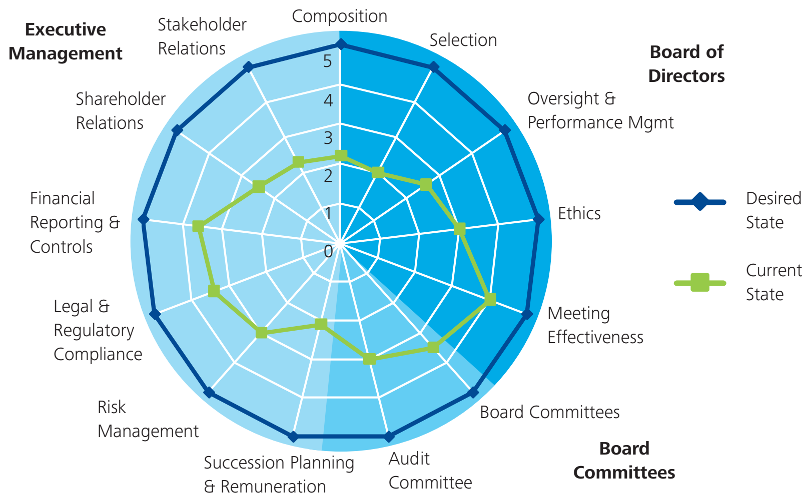
- Assess current corporate governance capabilities
- Assess effectiveness of the board as a whole and individual committees
- Identify the effectiveness of current corporate governance program
- Identify potential improvement opportunities for corporate governance program
- Facilitate more specific conversations with boards, committees and executives

Corporate Governance Maturity Model



Examples of leading practices				
Passive	**Ceremonial**	**Well Intentioned**	**Progressive**	**Enlightened**
• Board composition is promoter dominated • Lack of minimum no of independent directors • Absence of required mandatory committees • Absence of direction from the Board • Financial statements do not follow standards • Lack of strong internal controls • Clause 49 compliance is not introduced • Lack of value perceived from Corporate Governance	• Directors are not truly independent • Director selection is referral based • Absence of some mandatory committees • Inadequate disclosure practices (e.g. related party transactions) • Inadequate CEO/ CFO certification • Absence of Code of Conduct (CoC) • Information flow to the board is poor • Unequal treatment of shareholders	• Optimum size and skill of the board • Director roles and responsibilities identified • Mandatory and special committees established • Full compliance with Clause 49 • CoC is available • Framework for internal controls is established • Board reviews legal compliance periodically • Absence of succession plans • Board oversees risk management program	• CEO-Chairman split • Formal director nomination process • Board performance evaluation is introduced • Presence of lead independent director • Independent directors contribute positively • Executive sessions are held frequently • Audit committee approves related party transactions • Remuneration policy is disclosed • The board oversees performance of the management	• Board works as a cohesive unit • Director independence evaluation is introduced • Director appointment letters are disclosed • Open and transparent culture in the boardroom • Committees charters are updated periodically • Succession plans in place • Risk management is integrated with strategic decision making • Corporate governance is seen as a key value driver

Corporate Governance Diagnostic



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