The centre for corporate governance
Board leadership services
The centre for corporate governance

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.

Methodology
• Board Composition and Selection
• Board Oversight
• Committee Composition and Functioning
• Ethics
• Meeting Practices

Approach
Assess Board and Corporate Governance Practices

Perform SWOT Analysis
Identify Gaps
Suggest Actions & Implement
Provide Training
Assist in Board Evaluation

Gather Data
Evaluate Practices
Assess Maturity
Develop Roadmap

Board of Directors

Senior Management
• Succession Planning and Remuneration
• Risk Management and Controls
• Legal and Regulatory Compliance
• Financial Reporting
• Stakeholder Relations

• Meeting Practices
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

<table>
<thead>
<tr>
<th>Stakeholder Value</th>
<th>Passive</th>
<th>Ceremonial</th>
<th>Well Intentioned</th>
<th>Progressive</th>
<th>Enlightened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Governance Maturity</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

### Examples of leading practices

<table>
<thead>
<tr>
<th>Passive</th>
<th>Ceremonial</th>
<th>Well Intentioned</th>
<th>Progressive</th>
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</tr>
</thead>
<tbody>
<tr>
<td>• Board composition is promoter dominated</td>
<td>• Directors are not truly independent</td>
<td>• Optimum size and skill of the board</td>
<td>• CEO-Chairman split</td>
<td>• Board works as a cohesive unit</td>
</tr>
<tr>
<td>• Lack of minimum no of independent directors</td>
<td>• Director selection is referral based</td>
<td>• Director roles and responsibilities identified</td>
<td>• Formal director nomination process</td>
<td>• Director independence evaluation is introduced</td>
</tr>
<tr>
<td>• Absence of required mandatory committees</td>
<td>• Absence of some mandatory committees</td>
<td>• Mandates and special committees identified</td>
<td>• Board performance evaluation is introduced</td>
<td>• Director appointment letters are disclosed</td>
</tr>
<tr>
<td>• Absence of direction from the Board</td>
<td>• Inadequate disclosure practices (e.g. related party transactions)</td>
<td>• Mandatory and special committees established</td>
<td>• Full compliance with Clause 49</td>
<td>• Open and transparent culture in the boardroom</td>
</tr>
<tr>
<td>• Financial statements do not follow standards</td>
<td>• Inadequate CEO/ CFO certification</td>
<td>• Board reviews legal compliance periodically</td>
<td>• CoC is available</td>
<td>• Committees charters are updated periodically</td>
</tr>
<tr>
<td>• Lack of strong internal controls</td>
<td>• Absence of Code of Conduct (CoC)</td>
<td>• Full compliance with Clause 49</td>
<td>• Framework for internal controls is established</td>
<td>• Succession plans in place</td>
</tr>
<tr>
<td>• Clause 49 compliance is not introduced</td>
<td>• Information flow to the board is poor</td>
<td>• Board reviews legal compliance periodically</td>
<td></td>
<td>• Risk management is integrated with strategic decision making</td>
</tr>
<tr>
<td>• Lack of value perceived from Corporate Governance</td>
<td>• Unequal treatment of shareholders</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Corporate Governance Diagnostic

- Executive Management
- Shareholder Relations
- Financial Reporting & Controls
- Legal & Regulatory Compliance
- Risk Management
- Succession Planning & Remuneration
- Audit Committee
- Board Committees
- Oversight & Performance Mgmt
- Ethics
- Meeting Effectiveness
- Board Committees

- Board of Directors
- Desired State
- Current State
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