

## Board Evaluation

***The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors (UK's Combined Code).***

Internationally, corporate governance standards and codes are increasingly emphasizing the need for boards to evaluate their effectiveness. It is also recommended that boards should take regular evaluations that are externally facilitated at least every three years.

Pakistan Institute of Corporate Governance (PICG) has been instrumental in developing a platform for good governance practices in Pakistan. Recently in a draft recommendations pertaining to Code of Corporate Governance, 2002, the task force constituted by PICG proposed:

***“A board of directors of a listed company shall not later than two years from the coming into force of this provision, put in place a mechanism for undertaking annually an evaluation of its own performance, its committees and its individual members to enhance board performance.”***

### Board Evaluation Toolkit:

Keeping the requirements of annual assessments in view, PICG has developed its prime product for the organizations.

There are four methodologies of assessments:

	Individual	Collective
Self	<p><b>Category A:</b></p> <ul style="list-style-type: none"> <li>Individual Directors on Board will be assessed.</li> <li>Evaluation process will be done by the Company itself.</li> <li>Analysis and final reporting of each director separately will be done by PICG.</li> </ul>	<p><b>Category B:</b></p> <ul style="list-style-type: none"> <li>Complete Board will be assessed as one entity.</li> <li>Evaluation process will be done by the Company itself.</li> <li>Analysis and final reporting will be done by PICG.</li> </ul>
By PICG	<p><b>Category C:</b></p> <ul style="list-style-type: none"> <li>Individual Directors on Board will be assessed.</li> <li>Evaluation process will be done by PICG.</li> <li>Analysis and final reporting of each director separately will be done by PICG.</li> </ul>	<p><b>Category D:</b></p> <ul style="list-style-type: none"> <li>Complete Board will be assessed as one entity.</li> <li>Evaluation process will be done by PICG.</li> <li>Analysis and final reporting will be done by PICG.</li> </ul>

The Board Evaluation Toolkit is comprised of:

- Detailed Questionnaire
  - for Board Evaluation collectively.
  - for Individual directors, separately.
- 360 degree analysis
  - Sample size for evaluation of Executive Directors (including CEO):
    - All board members and relevant functional stakeholders.
    - Total not to exceed 25 members.
  - Sample size for evaluation of Non-Executive Directors:
    - All board members.
- Interview Sessions by PICG (applicable in case of Category C and D only)

Investment for Board Evaluation Toolkit:

	Individual	Collective
Self	<p><b>Category A:</b></p> <p>Members:</p> <ul style="list-style-type: none"> <li>• Toolkit &amp; Analysis: Rs. 25,000 per Director on Board.</li> </ul> <p>Non-Members:</p> <ul style="list-style-type: none"> <li>• Toolkit &amp; Analysis: Rs. 30,000 per Director on Board.</li> </ul>	<p><b>Category B:</b></p> <p>Members:</p> <ul style="list-style-type: none"> <li>• Toolkit &amp; Analysis: Rs. 175,000</li> </ul> <p>Non-Members:</p> <ul style="list-style-type: none"> <li>• Toolkit &amp; Analysis: Rs. 200,000</li> </ul>
By PICG	<p><b>Category C:</b></p> <p>Members:</p> <ul style="list-style-type: none"> <li>• Toolkit &amp; Analysis: Rs. 25,000 per Director on Board.</li> <li>• Interview Sessions: Rs. 20,000 per Director on Board * per hour.</li> </ul> <p>Non-Members:</p> <ul style="list-style-type: none"> <li>• Toolkit &amp; Analysis: Rs. 30,000 per Director on Board.</li> <li>• Interview Sessions: Rs. 25,000 per Director on Board * per hour.</li> </ul>	<p><b>Category D:</b></p> <p>Members:</p> <ul style="list-style-type: none"> <li>• Toolkit &amp; Analysis: Rs. 175,000</li> <li>• Interview Sessions: Rs. 20,000 *3 hours (minimum).</li> </ul> <p>Non-Members:</p> <ul style="list-style-type: none"> <li>• Toolkit &amp; Analysis: Rs. 200,000</li> <li>• Interview Sessions: Rs. 25,000 *3 hours (minimum).</li> </ul>

**Note:**

- ***In case sample size for 360 degree analysis exceeds 25, the rates will change.***
- ***For any other customized requirements, the rates will vary.***