

# BOARD OF DIRECTORS EVALUATION

## 1. MISSION AND PRINCIPLES

	Level 0	Level 1	Level 2	Level 3	Level 4	Maximum Level	Result	Methodology	
<i>Factors:</i>									
The BOD proactively establishes the Values and Mission of the Company, through an interactive process with its Management	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation	
The BOD ensures that the Values and Mission are fully deployed within the Company and Employees are fully committed to both.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Feedback	
The BOD ensures that the Company operates in full compliance not only with Country laws but also, and more importantly, with the spirit of the law, and there is a process to ensure its sustainability.	0	1-4	4,1-7	7,1-12	12,1-15	15	0	Obs.	
The BOD is fully aware of its own liabilities as well as of those of the Company. A process is in place to anticipate and mitigate risks.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation	
The BOD assures that there are comprehensive, updated policies regarding risks and crisis management. Crisis management rehearsals are performed.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Feedback	
The BOD assures that Risk and Compliance are integrated through a Common Vision, which results from the values of the company and its Culture as a framework	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Feedback	
The board has implemented a Code of Best Practices, including subjects as: - Code of Ethics - Potential conflicts of interest among Shareholders, Board members and Management - Board member nomination, election and succession processes - Adoption and use of internationally accepted standards	0	1-4	4,1-7	7,1-12	12,1-15	15	0	Observation	
The BOD assures the Mission and Principles are maintained current with new developments or expectations and possibilities	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation	
<b>MISSION AND PRINCIPLES TOTAL</b>							Mission and Principles Total	0	
							Mission and Principles Max.	110	
<p>- <i>Level 0</i> : Not in use. Not applicable. Not considered at this time.</p> <p>- <i>Level 1</i> : Understanding the need to improve Corporate Governance</p> <p>- <i>Level 2</i> : First concrete steps toward establishing best practices</p> <p>- <i>Level 3</i> : Implementation of best practices</p> <p>- <i>Level 4</i> : Leadership</p>									

**2. BOARD STRUCTURE**

	Level 0	Level 1	Level 2	Level 3	Level 4	Maximum Level	Result	Methodology
<i>Factors:</i>								
Chairman/CEO functions:  Chairman and CEO are two separate functions and the Chairman assures that outstanding Corporate Governance practices are in place.  Or,  There is no separation between Chairman and CEO roles but there is an independent, external, strong lead Director, ensuring an excellent level of diverse, constructive opinions at board meetings.  Or,  -External-Independent Directors are a majority in the board, including the Chairman's function.	0	3-9	9-15	15-24	24-30	30	0	Observation
Board members are selected on the basis of knowledge, experience, personality and expected contribution.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation
Board size is adequate for an excellent board performance. Diversity through external directors assures an expanded level of BOD knowledge.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation
Board Committees:  All decided upon Board Committees are fully operational, within the highest levels of excellence in the Industry.  And, Or:  The Board is performing some or all of this functions accordingly to its size.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation

**BOARD STRUCTURE TOTAL**

Board Structure Total	<b>0</b>
Board Structure Max.	<b>90</b>

- *Level 0* : Not in use. Not applicable. Not considered at this time.
- *Level 1* : Understanding the need to improve Corporate Governance
- *Level 2* : First concrete steps toward establishing best practices
- *Level 3* : Implementation of best practices
- *Level 4* : Leadership

### 3. BOARD OPERATING PROCEDURES

	Level 0	Level 1	Level 2	Level 3	Level 4	Maximum Level	Result	Methodology
<i>Factors:</i>								
- The BOD has a number of Independent Directors, in accordance with its policy. This number assures strong independent opinions.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation
- Election Terms/Term limits have been clearly established as well as a retirement age and are mandatory.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
- There is a clear, accepted and competitive policy on board compensation, which is in use and enforced.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
- The Board/Committees/Members Function Descriptions have been created, are regularly reviewed and used; this in turn, improves board performance.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
- Professional management of BOD meetings is consistent. Agendas and minutes are regularly produced for each meeting, including relevant information. A process for insuring the quality of both documents is in place.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
- All board members normally contribute to agenda content.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
- Directors are fully trained according to company needs. Ensuring in this way a good BOD general knowledge, as well as in depth specifics ones when needed.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
-The BOD ensures that the information is available as needed, avoiding information overload as well as information asymmetry.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
<b>BOARD OPERATING PROCEDURES TOTAL</b>						Board Oper.Proc. Total	0	
						Board Oper.Proc. Max.	90	
<ul style="list-style-type: none"> <li>- <i>Level 0</i> : Not in use. Not applicable. Not considered at this time.</li> <li>- <i>Level 1</i> : Understanding the need to improve Corporate Governance</li> <li>- <i>Level 2</i> : First concrete steps toward establishing best practices</li> <li>- <i>Level 3</i> : Implementation of best practices</li> <li>- <i>Level 4</i> : Leadership</li> </ul>								

**5. BOARD AND SHAREHOLDERS**

	Level 0	Level 1	Level 2	Level 3	Level 4	Maximum Level	Result	Methodology
<i>Factors:</i>								
The BOD has a clear understanding of Shareholders expectations, and its actions are in line with those agreed upon ones	0	1-4	4,1-7	7,1-12	12,1-15	15	0	Observation
Remuneration of CEO/BOD members is fully disclosed.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
'One share one vote' is fully enforced as a rule.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
The Company proactively delivers needed/relevant information to all shareholders, on a timely basis.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
Ownership structure is disclosed to all shareholders.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
Compliance with regulations and with the spirit of the law is regularly addressed at board meetings, and completely disclosed to shareholders.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation
The Shareholders' share of Company profits is assured, complemented by an excellent/transparent information system.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation
All shareholders are invited to participate in decisions related to Corporate Fundamentals Changes	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
Minority shareholders rights are proactively considered and actions in this sense are taken, if needed.	0	1-4	4,1-7	7,1-12	12,1-15	15	0	Observation

**BOARD AND SHAREHOLDERS TOTAL**

Board & Shareholders Total	<b>0</b>
Board & Shareholders Max.	<b>120</b>

- *Level 0* : Not in use. Not applicable. Not considered at this time.
- *Level 1* : Understanding the need to improve Corporate Governance
- *Level 2* : First concrete steps toward establishing best practices
- *Level 3* : Implementation of best practices
- *Level 4* : Leadership

**6. BOARD AND STAKEHOLDERS**

	Level 0	Level 1	Level 2	Level 3	Level 4	Maximum Level	Result	Methodology
<i>Factors:</i>								
Company Social Responsibility is considered as an active framework, from which specific actions are deployed on a timely basis.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation
Stakeholders accepted expectations are considered in the Strategy of the Company	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation
There is a professionally created process to ensure that timely and accurate disclosure is made on all material matters regarding the Corporation, including the financial situation, performance, ownership and governance of the company. The quality of implementation is within the best in the Industry.	0	2 to 6	6,1-10	10,1-16	16,1-20	20	0	Observation
The board assures that a competitive professional Environmental Health and Safety program is in place in the Company, and is part of its compliance initiative.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
The Company proactively participates helping with community issues. The community perception of the Company in this regards is excellent.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation

**BOARD AND STAKEHOLDERS TOTAL**

Board & Stakeholders Total	<b>0</b>
Board & Stakeholders Max.	<b>80</b>

- *Level 0* : Not in use. Not applicable. Not considered at this time.
- *Level 1* : Understanding the need to improve Corporate Governance
- *Level 2* : First concrete steps toward establishing best practices
- *Level 3* : Implementation of best practices
- *Level 4* : Leadership

**7. BOARD CONTRIBUTION**

	Level 0	Level 1	Level 2	Level 3	Level 4	Maximum Level	Result	Methodology
<i>Factors:</i>								
<b>The BOD have been a key factor in the achievement of the following Company results:</b>								
Financial results, which are among those of Leading Companies in the Industry.	0	5-15	15-25	25-40	40-50	50	0	360 feedback
Access to Capital is within the best in the Industry. Board activity is critical in this regard.	0	5-15	15-25	25-40	40-50	50	0	360 feedback
Performance indicators, which are among the best in the Industry.	0	4-12	12-20	20-32	32-40	40	0	360 feedback
Brand value is among the best in the Industry . Company Image is Excellent.	0	4-12	12-20	20-32	32-40	40	0	360 feedback
Risk Management is a competitive factor in the Company.	0	5-15	15-25	25-40	40-50	50	0	360 feedback
Generating/preserving the Company's Intellectual Capital value. Results are excellent	0	4-12	12-20	20-32	32-40	40	0	360 feedback
Stakeholders' evaluation of the Board is excellent.	0	4-12	12-20	20-32	32-40	40	0	Observation
Community evaluation/perception of the Company as a whole is excellent.	0	4-12	12-20	20-32	32-40	40	0	Observation
The BOD is an important source of diverse information which is instrumental to the intrinsic competitiveness of the Company.	0	5-15	15-25	25-40	40-50	50	0	360 feedback

**BOARD CONTRIBUTION TOTAL**

Board Contribution Total	0
Board Contribution Max.	400

- *Level 0* : Not in use. Not applicable. Not considered at this time.  
 - *Level 1* : Understanding the need to improve Corporate Governance  
 - *Level 2* : First concrete steps toward establishing best practices  
 - *Level 3* : Implementation of best practices  
 - *Level 4* : Leadership

**BOARD EVALUATION TOTAL**

BOARD EVALUATION TOTAL	0
TOTAL MAX. VALUE	1000
%	0.0%

## MODEL CONSISTENCY

Criteria:	MAX. VALUE	RESULTS	%
1. MISSION AND PRINCIPLES	110	0	0.00%
2. BOARD ESTRUCTURE	90	0	0.00%
3. BOARD OPERATING PROCEDURES	90	0	0.00%
4. BOARD AND MANAGEMENT	110	0	0.00%
5. BOARD AND SHAREHOLDERS	120	0	0.00%
6. BOARD AND STAKEHOLDERS	80	0	0.00%
7. BOARD CONTRIBUTION	400	0	0.00%
<b>BOARD EVALUATION TOTAL</b>	<b>1000</b>	<b>0</b>	<b>0.00%</b>

**Levels Definitions:****- Level 0: Not in use. Not applicable. Not considered at this time.**

This level represent those areas that are not beeing considered at this time. Is generally used when the process starts, allowing the Company to focus in priority areas while posponing others, to be incorporated later to the process.

**- Level 1: Understanding the need to improve Corporate Governance**

In this level, the board has assesed the need to be profesioanly involved in the areas described, and is making plans in this sense. Needed communications and training is also assured.

**- Level 2: First concrete steps toward establishing best practices**

The BOD is starting the implementation phase of the needed plans and effective processes are being implemented. A good level of information as well as a systematic approach is generated, which will be used in the analysis and improvements of the defined processes.

**- Level 3: Implementation of best practices**

The BOD has been working with this subjects and processes. Results are professionally analysed and compared with other companies or industry standards. Improvement plans are generated and implemented.

**- Level 4: Leadership**

The BOD has implemented practices that are leading in the Industry, or the respective company results that can be traced down to this processes are among best in the industry.



Add on example:

### IT GOVERNANCE EXAMPLE

<i>Factors:</i>	Level 0	Level 1	Level 2	Level 3	Level 4	Maximun Level	Result	Methodology
The use of IT as a competitive factor is a regular part of the BOD agenda. The BOD obtain a high level of expertise in this sense, through: At least one Director has an excellent knowledge of the subject or, The BOD has access to specialists as needed, The BOD assures that:	0	2-6	6,1-10	10,1-16	16,1-20	20	0	Observation
The function of CIO (Chief Information Officer, or equivalent responsible) are clearly focused on Company Competitiveness through the use of IT	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
IT contributions to Company strategies are embedded in those strategies from the very beginning and then successfully implemented.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
There is a clear understanding as how to measure IT added value to the Company and IT is clearly contributing to company success.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
Cost of IT is well managed and it is one of the best in the industry.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Observation
IT projects are carefully selected based on fundamental Company's competitive needs at decision time.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	
Those projects are successfully implemented and provides the expected contribution	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Feedback
Fundamental information is available on a timely basis. Specific information is readily available when needed.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	Feedback
IT related additional risks and their implications are clearly understood by the Board, and action plans have been developed to manage or mitigate those.	0	1-3	3,1-5	5,1-8	8,1-10	10	0	
<b>IT Governance Contribution Total</b>							<b>0</b>	
<b>IT GOVERNANCE TOTAL</b>								
IT Governance Maximun Value							<b>100</b>	

- *Level 0* : Not in use. Not applicable. Not considered at this time.
- *Level 1* : Understanding the need to improve Corporate Governance
- *Level 2* : First concrete steps toward establishing best practices
- *Level 3* : Implementation of best practices
- *Level 4* : Leadership

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