



Framework
Insights and
practices to be
considered by a
Board

August, 2022

Work in Progress



ABOUT THIS DOCUMENT

This insights are the result of the participation of Board members and CEOs of international companies through:

Workshops organized by this Think Tank using the World Cafe methodology.

Surveys delivered by this Think Tank.

Surveys delivered by PWC.

Questionnaire delivered to companies listed on the Tokyo Stock Exchange Prime.

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A quick overview: Need for more accountability

Donald Berwick IHI's former President and CEO

“Historically, boards have assumed that they are responsible for the fiscal integrity, reputation, and lay management of the hospital, but that responsibility for care lies with the clinical staff, not with the board,” says Berwick.

“For many boards, medical care, itself, is remarkably foreign terrain. Yet, in a time of increasing corporate accountability, consumer voice, and system complexity, this view will no longer suffice, if it ever did. **A large share of the accountability for the safety and quality of care rests firmly in the board room.**”

<https://www.ihl.org/resources/Pages/ImprovementStories/ThePowerofHavingtheBoardonBoard.aspx>





Insights

on practices to be
considered by a Board

Overall summary

August, 2022

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About having an Assessment Model for Boards

- If well prepared, total agreement on having one.
- From organizations of the Tokyo Stock Exchange Prime (TSEP):
 - For many companies, the board of directors evaluates the progress and evaluation of resolutions, and top management evaluates the performance of the board of directors.
 - Once a year, self-assessment in accordance with the Corporate Governance Code and objective assessments by corporate auditors and external organizations help improve the performance of the Board of Directors.
 - Recently, companies with governance issues have outsourced evaluations to outside experts to verify the function of the board of directors.
 - There was no particular objection to the setting of the assessment model. I think they have the advantage of being able to notice the problem. However, due to the limited human resources of SMEs, there were concerns about how to prevent mere name and keep effectiveness.



Main conclusions and key issues to considered in the future

- **Boards should be independent bodies.**
- **Better understanding of the role of senior management versus the role of the Board** is needed and depends on each organization.
- Avoid taking over the role of management, which still happens, especially if Board members also have managerial responsibilities. Have it coordinated in a value-added-way.
- **More time adding value –scenarios, strategy, future plans- or helping to add value.** Limit repetitive nonvalue adding tasks.
- Assure that future and scenarios and its consequences on the organization are visualized and analyzed. Follow up social, technological, market, ethics and economic trends. Understand present and future operating environments and uncertainty. Be aware of new Stakeholders.
- **Assess and/or help assess risks –all kinds-.** The importance of risk assessment is increasing,
- Ensure aspirational goals. Be involved in the creation –scenarios, strategy, plans- or participate and be sure management does them thoroughly – auditing-.
- Develop and/or ensure development of key metrics to monitor strategy and plans.
- Ensure future talent, knowledge, technology and competitive processes are under consideration of management and under control.
- **Board composition is key to have the correct knowledge.**
- Have a proactive selection process and solid onboarding. Reading, talking, listening and learning should be part of a director's profile.
- Plan director's turnover.
- **Assess individual and group knowledge and capabilities. Increase knowledge bandwidth within the Board.** As companies are required to make changes (social demands and qualitative changes in the value to customers), the ability requirements that make up the board of directors are constantly changing.
- **Have diversity –knowledge, opinions...-.**
- Consider: (i) Board members training; focus on understanding the business –competitive analysis, supplier base, value chain, technology, future talent, & social, technological and economical trends. (ii) Getting knowledge from the inside & from the outside (experts, information...). (iii) Management is a key source for Board knowledge.



Main conclusions and key issues to be considered in the future

- Consider (i) Complement with external sources. (ii) Inclusion of board members of external and independent professionals. (iii) Having special committees like strategy, nomination & compensation, and risk. (iv) All stakeholder's interests including employees and union leaders.
- **Assess your Board.** Assess whether the board composition is fit for purpose
- **Meet on-site or virtual regularly and be ready to meet on ad-hoc** issues as necessary.
- Agendas for board meetings should be aligned around a comprehensive board work plan measured against key criteria, e.g. strategy, budget and forecast, key risk analysis, etc.
- **Be active and have responsible roles in community and society** as expected and encouraged by public and government authorities. Look the whole value chain.
- **In general terms: stay out of politics.** Except when organization's culture, mission, vision and values are compromised. If not, through umbrella entities.



Main conclusions and key issues to considered in the future

Room for discussion:

- Should a Board (i) create scenarios and strategies; (ii) evaluate those presented by management; (iii) participate with management in the creation; or (iv) depends on the company?
- Hoshin Kanri should be a “must-use” tool for Boards? (<https://blog.toyota-forklifts.es/hoshin-kanri-despliegue-estrategia-Toyota>)
- How to assess if Board is getting into micromanagement and taking over management accountability?
- Should the knowledge be in the Board or in Board members? (it's not realistic to expect to have a manageable number of board members who are going to be experts in all areas)
- A function or Committee related to the Future? E.g. Use of new technologies in a competitive way.
- Have a Board Committee? (which focuses on the Board itself)
- Is there any room for discussion on politics? No politics or it should be considered within the context of the purpose of the organization?





Insights

and practices to be
considered by a Board

and the IAQ Quality Manifesto

May, 2022

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INSIGHTS from workshops and **IAQ QUALITY MANIFESTO**

- **Deepen our art and science**
 - Insights: Since the Board is responsible for ensuring business innovation and renewal, it must develop learning and innovation skills and set it as a requirement for the number one authority of the organization. Prepare the organization to embrace unpredictability, develop skills of the Board and of the organization as a whole. In particular: (i) Learning Skills, (ii) Innovation Capacity and (iii) Strategic Thinking
 - From the Manifesto: think that learning and innovation skills must be based on Profound knowledge, so it drives to consider and apply to all spheres.
 - TT suggestion: be sure Board members are continuously educated and updated in available methodologies and techniques usually considered only for more operative and tactical roles.
- **Do no harm**
 - Insights: reinforce risk assessment.
 - From the Manifesto: this analysis should cover risks involving society and the ecology of the planet. Those issues related to sustainability -broad definition- not only should be considered but have an important role in future plans.
 - TT suggestion: Deepen risk analysis comprehension and scope. All kinds.
- **Extend our scope, Go beyond business & serve our customers**
 - Insights: Be on the alert to identify new stakeholders that may come up in each specific scenario and be active to make rapid decisions. Be accessible to and interact with stakeholders. And listen to every stakeholder.
 - From the Manifesto: Listen and pay attention to everyone. Consider all stakeholders, all geographies, all functional domains, all environments. Think in who your stakeholders are, listen to them and consider their opinions.
 - TT suggestion: To reflex and improve Board performance, think on listening organization's and its own -Board's- stakeholders.

INSIGHTS from workshops and IAQ QUALITY MANIFESTO

- **Build strategy the quality way**

- Insights: The main contribution of the Board must be the interpretation and reinterpretation of the business model with unequivocal clarity as to the business drivers. The Board of Directors is the ultimate guarantor of continuity (sustainability + present feasibility). Boards of Directors must, firstly, ensure the feasible sustainability of the organization.
- From the Manifesto: Not only to avoid an organization's internal weaknesses and vulnerabilities and assure harmony with strengths and opportunities.
- TT suggestion: Contribute to strategic planning not only by approving what management suggests but prepare yourself proactively; have your own thoughts in advance. Have a holistic view of your business model. Consider internal and external issues and risks.

- **Involve everyone**

- Insights: Do not praise experience exclusively so that it does not become a burden. The Board must be open to transformation. Directors must be "curious" and be alert to what is happening around them (known and unknown). A closer to the management board of directors is necessary. Generate closeness and empathy with the Management. Help the Management in a crisis just occasionally and when the situation is overwhelming.
- Insights: Do not praise experience exclusively so that it does

not become a burden. The Board must be open to transformation. Directors must be "curious" and be alert to what is happening around them (known and unknown).

- Insights: Assess the Board. Self-assessment and improvement implementation with measures based on said assessment.
 - From the Manifesto: Involve all individuals in an organization, creating ownership and capabilities for assuring the quality of their own work and in making improvements endlessly.
 - TT suggestion: Consider involving stakeholders in assessing Board performance and listen to them to find out opportunities for improvement. Also listen for feedback from suppliers, customers and social organizations.
- **Create trust and happiness**
 - From the Manifesto: create an environment wherein all employees gain security through their experience of prosperity, happiness, trust, and inner confidence through their rising abilities and self-respect
 - TT suggestion: Consider paying great attention to Employee experience.

INSIGHTS from workshops and IAQ QUALITY MANIFESTO

- **Bring data into daily conversation**
 - Insights: Directors must have the ability to understand data and be able to turn them into decisions.
 - Insights: Board must be independent. Use data to see problems and opportunities objectively.
 - From the Manifesto: generate and interpret data for applications in control, improvement, and daily conversation.
 - TT Suggestion: Be prepared in advance and consider speaking with data. Ask for help from those who know how to understand it. When questioning, ask for data. When being answered ask for the data supporting the answer.
- **Embrace the new technologies**
 - Insights: Directors must be aware of the present and of the future. Need to focus on transformation, innovation, social evolution, new technologies, digitalization and sustainability. Business drivers must be clear. Make the business grow. Have a Director with a digital mind and with a global vision.
 - From the Manifesto: weaving quality seamlessly into emerging digital, biological, materials and other advanced technologies.
 - TT suggestion: Be aware and learn about new technologies and how they can disrupt your business. And how you can take advantage in a proactive way. Have someone in the Board, and be sure the organization has, a knowledgeable expert in the matter.



Summary from Think Tank Survey

on practices to be
considered by a Board
July, 2022

Work in Progress

Comments on insights from Workshops

- In general
 - The board has to have a structured approach to these issues at (1) board level priorities, (2) matters delegated to board committees to evaluate and oversee and (3) KPI's designated to management to deliver on board assigned priorities.
 - Most of these comments are operational and are the role of the CEO and their team.
- On Board functioning, knowledge and skills
 - Use and rely on data. But don't forget feelings or beliefs when we are talking about the future.
 - A Board should not define Strategy
 - Isn't "Committee for the Future" the Board's role? Sounds redundant
 - What a board realistically has to do is assess its annual work plan against a number of key criteria e.g strategy, budget, identified risks, key annual events in a board cycle such as CEO and executive management performance reviews, board effectiveness review, etc. Better if we had time to discuss so I can elaborate.
- Regarding sustainability – global competitiveness
 - Not all companies are global, some are quite local and what we should expect of their boards is quite different than what we expect of global organization boards. For example, a school board or hospital board may be required by law to have only members from the area served.
- A forward-looking BoD should always place sustainability as an extremely important element that any business model needs to take into account. Not being sustainable will lead to problems in attracting young talent, in keeping customers and in getting access to capital.
- the board simply cannot do all of it.....not sensible, not practical.
- A thorough and well-documented enterprise risk management system and resulting strategic plan will address most of what is mentioned here
- Company structure
 - When we talk about company structure we are usually beyond the role of the board.
 - Company culture is much more critical than company structure and a BoD can play a part in shaping that culture (for instance by focusing on sustainability, making people aware of outside changes, how they approach to risks, opportunities and unforeseen events...)



Comments on insights from Workshops

- Talented people
 - A role for the BoD is to evaluate what kind of knowledge will be important for the organization in the future. So, the company can start hiring those profiles ahead of time.
 - Talented and engaged people.
 - All useful points but the board has to have a structured approach to how it addresses these, some requiring its direct involvement through board committees and others which it will set as KPI's for management to deliver.
- IT Governance, technology & processes
 - Boards and organizations are quite different, one set of practices does not fit all organizations. It is not the job of the board to define roles and job titles, e.g., Chief Security Officer.
 - Digital transformation aligned with company's vision, objectives and strategy needs to be emphasized.
 - The board can hold the CEO and their team accountable to the outcomes and adjust accordingly.
- Strategic partner and resources
 - Focus on stakeholders, not only shareholders.
- Key issue missing
 - Competence to be a Board member.
 - Not that I can think of other than a better understanding of the role of senior management versus the role of the board.
 - Maybe how to attract the right people for your BoD?
 - I thought there would be more on culture and ethics, also more focus on strategic planning through scenario analysis and unpredictable events and contingency planning.
 - Not enough consideration, in my view, given to the distribution of the board's workload through effective committees and the intersection this plays between board oversight and management supervision. Well structured board committees with the right skills are increasingly critical to the way a board can manage an increasingly long list of priorities.
 - My initial reaction to the responses is they are very operational and not strategic.





Comments on insights from Workshops

- Board contribution
 - Growth is not necessarily the first objective; long term existence is.
- The board of directors of a listed company promotes sustainable growth of the company and improvement of corporate value over the medium to long term based on trustee responsibility and accountability to shareholders and aims to improve profitability and capital efficiency.
 - Show a major direction for corporate strategy, etc.
 - Develop an environment that supports appropriate risk taking by executives.
 - From an independent and objective standpoint, management teams (including executive officers and so-called executive officers) should properly fulfill their roles and responsibilities, including providing highly effective supervision to directors.





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About having an Assessment Model for Boards

- If well prepared, total agreement on having one.
- From TSEP:
 - For many companies, the board of directors evaluates the progress and evaluation of resolutions, and top management evaluates the performance of the board of directors. Once a year, self-assessment in accordance with the Corporate Governance Code and objective assessments by corporate auditors and external organizations help improve the performance of the Board of Directors. Recently, companies with governance issues have outsourced evaluations to outside experts to verify the function of the board of directors.
 - There was no particular objection to the setting of the assessment model. I think they have the advantage of being able to notice the problem. However, due to the limited human resources of SMEs, there were concerns about how to prevent mere name and keep effectiveness.



What is the role of the Board of Directors in developing new scenarios

- Analyze and get better understanding of the role of senior management versus the role of the Board.
- Understand and participate on new landscapes, investigate the future.
 - Be a link between the company and the outside world; specifically in monitoring evolutions and changes in the outside world that create opportunities or threats for the company.
 - Understand present and future operating environments and uncertainty.
 - Be aware of new Stakeholders.
 - Create scenarios based on the understanding of outside changes and uncertainty.
 - Provide high-level vision and insights which supports the organization's Mission.
 - Focus on vision and strategic level, including determination of the direction and priorities of objectives, and safeguards governing system of the company among all stakeholders and interested parties.
 - Ensure aspirational goals.
 - Follow up social and market developments to guide decisions.
- Responsible for overseeing the creation of a

strategic plan.

- The execution of the plan is the responsibility of the management team.
- Assure CEO and management have enough information, strategy and plans about the organization's future.
- Assess risks related to proposed scenarios by the company management.
- There is a need for well balanced board composition, with the skills and experience to evaluate scenarios prepared by management. Normally scenario evaluation, both for existing and future strategies, is leveraged off the presentation to the board of management's proposed strategic plan which will have many dimensions to it to consider not least key identified risks (internal and external).
- Evaluate these proposals and advise/counsel management before the board formally approves the plan. It is within this context that new scenarios can be evolved through an iterative process between management and the board.
- The board can and should develop key metrics to assure the plan is on track.
- Ensure the availability of key talented people.



What is the role of the Board of Directors in developing new scenarios

- From TSEP
- it is necessary to consider the future of the company and give directions from a long-term perspective. In addition, if necessary, it need to be involved as an audit function in order to prevent risks by communication with the executive officer in charge of scenario development. (TSEP)
- With the addition of new scenario development, the decision to withdraw from the ongoing business can be realized by the initiative of the Board of Directors, so I think it is a good role and responsibility of the Board of Directors (TSEP)

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What is the role of the Board of Directors in developing new scenarios

- **Conclusion**
 - Much more time visualizing and analyzing the future and scenarios and its consequences on the organization.
 - More time adding value –scenarios, strategy, future plans-.
 - Be involved in the creation –scenarios, strategy, plans- or participate and be sure management does them thoroughly – auditing-.
 - Its not a matter of time but a matter of adding value.
- **Room for discussion**
 - Should a Board (i) create scenarios and strategies; (ii) evaluate those presented by management; (iii) participate with management in the creation; or (iv) depends on the company?
 - Hoshin Kanri should be a “must-use” tool for Boards? (<https://blog.toyota-forlifts.es/hoshin-kanri-despliegue-estrategia-Toyota>)



Should the Board apply specific public policies in connection with social and ethical trends

- There should be a distinction between policy and politics.
 - The word "politics" can have different meanings. There are politicians of course (professional, party related) but in any organization there are "Politics" meaning a struggle for power. I think a BoD should make sure that this kind of politics does not influence policies.
 - Policy usually means positions and attitudes, yet politics is related to how to use power and influence to safeguard or realize policy.
- There is no right or wrong answer here...each situation is unique and has to be considered within the context of the purpose of the organization.
- The risk of the board, or other key individuals, could severely damage an organization's brand if not strategically aligned and relevant.
- In developing its strategic and operational plan there are many dimensions to consider and within that context will be the issue of public policy and its implications for the company strategically and operationally. This is often also reflected in the nature of identified risks where social and ethical issues may be highlighted.
- Boards should stay out of politics
 - (But there is always an element of lobbying) unless it has economic consequences
- detrimental to the company's operations but there is a careful balance that has to be managed under the leadership of an astute chairman.
- Unless it is in direct alignment to the organization's culture, mission, vision and values.
- Participate in cases where values are compromised. If not, through umbrella entities.
- Company's more active and responsible roles in community and society are expected and encouraged by public and government authorities.
 - For example, the board may decide that investments should be ESG.
- Public policy basically incorporated into corporate activities and implemented. (TSEP)
- Value provided by the company may damage the effects of public policy due to the results of businesses that are not under the direct control of the company. (TSEP)
- It is necessary to discuss how to set the preconditions for the extent of responsibility in the supply chain. Participation in the decision-making process of relevant public policy is required in each industry, and it is unthinkable to carry out a business that ignores politics. (TSEP)



Should the Board apply specific public policies in connection with social and ethical trends

- **Conclusion**
 - No right or wrong answer here, but in general terms stay out of politics.
 - Except when organization's culture, mission, vision and values are compromised.
 - If not, through umbrella entities.
 - Be active and have responsible roles in community and society as expected and encouraged by public and government authorities. Look the whole value chain.
- **Room for discussion**
 - Is there any room for discussion? No politics or it should be considered within the context of the purpose of the organization?

Is there a need to rethink the structure or functions of the Board in the future

- Boards must give much more focus on their agenda strategy, evaluating existing strategy and factors (internal and external) which may be influencing progress and how this translates into operational performance/challenges.
 - Concentrate on changes caused by social responsibility, climate changes, and ethics trends.
 - Focus on ensuring talent, knowledge, technology and competitive processes. Limit repetitive nonvalue adding tasks.
 - Too much emphasis has been placed on routine reporting by management, and boards need to evaluate how its work aligns with the company's strategic planning, monitoring and oversight.
- Avoid confusion regarding: Management responsible for execution and Board for control and guidance.
 - Avoid taking over the role of management, which still happens especially if Board members also have managerial responsibilities.
- Boards should be independent bodies. There should not be overlapping membership of a company's CEO on the boards of the companies of board members.
- Profile of members
 - Increase knowledge bandwidth within the Board. Complement with external sources.
- Stakeholder representation should be assured for all stakeholders including employees and union leaders.
- Inclusion of board members of external and independent professionals is getting more popular.
- Board committees
 - Having special committees like strategy, nomination & compensation, and risk to support the Board are becoming normal practice.
- Organization of meetings, agenda subjects.
 - Boards need to meet regularly, up to six scheduled meetings and in this new era of virtual meetings should be ready to meet on ad-hoc issues as necessary.
 - Agendas for board meetings should be aligned around a comprehensive board work plan measured against key criteria, e.g. strategy, budget and forecast, key risk analysis, etc.
- Board assessment
 - Assess whether the board composition is fit for purpose.



Is there a need to rethink the structure or functions of the Board in the future

- If the board is constantly monitoring key indicators, including risk, culture, VOC, sustainability, ES&G, etc., then "transformation" does not have to be such thing... it should evolve as part of the organization's strategy and operations.
- Functions of directors would continue to be supervised in accordance with the Corporate Governance Code. (TSEP)
- As companies are required to make changes (social demands and qualitative changes in the value to customers), the ability requirements that make up the board of directors are constantly changing. It is becoming more important to secure various talents such as diversity, art thinking, and DX literacy. (TSEP)
- The importance of risk assessment is increasing, not to mention the pursuit of correctness in the decisions of the board of directors in the recent social and economic environment where uncertainty is increasing. (TSEP)
- One of the roles of the board of directors was to withdraw from the business. (TSEP)



Is there a need to rethink the structure or functions of the Board in the future

- **Conclusion**
 - More time to add value.
 - Concentrate on evaluating trends, strategy and other internal and external variables – technology, social responsibility, climate changes, and ethics- which may be influence organization's future progress and evolution.
 - Ensuring talent, knowledge, technology and competitive processes. Limit repetitive nonvalue adding tasks.
 - Have diversity –knowledge, opinions..., within the Board and be independent.
 - Assess your Board.
- **Room for discussion**
 - How to assess if Board is getting into micromanagement and taking over management accountability?

How should a Board acquire full and updated knowledge;

what about transformation, digitalization and innovation

- Knowledge and training
 - Have a proactive selection process and solid onboarding. Reading, talking, listening and learning should be part of a director's profile.
 - Board composition is key to have the correct knowledge.
 - Plan director's turnover.
 - Complement it with external consulting or advisory board.
 - Consider own educational process as an investment. Through individual and group assessment, look for weaknesses in knowledge; address those weaknesses through continuing education, briefings by management and outside specialists.
 - Consider ending all meetings with an executive session to evaluate and feedback on the meeting, issues raised and any concerns.
 - Consider in-person meetings to meet socially to build collegiality.
- Study the 'inside'
 - Understand the business, and its value chain. Follow systematic management reports with discussions to get deeper understanding. Participate in management meetings and committees.
 - Have onsite visits routinely. Understand and get familiar with the business, management and employees.
- Consider an annual meeting with management present. Reflect on past performance, scenarios and key disruptions/risks/opportunities that may be facing the business.
- Study the 'outside'
 - Pay attention to global trends, 17 UN SDGs, management systems, technology, finance, ethics, digitalization, innovation & climate change. Assume the responsibility to be up-to-date about industry trends, technical advances, and competitive pressures.
 - Participate in chambers & umbrella organizations.
 - Consider workshops with outside experts.
 - Information sources: (i) each function in the company should collect the latest information on related fields; (ii) a department specializing in research on society, politics, and economy; (iii) outsource to an external research organization to request regular reports and explanations; (iv) evaluation of the company's business results by a third-party organization; (v) Evaluation by the media. (TSEP)



How should a Board acquire full and updated knowledge;

and what about transformation, digitalization and innovation

- Information
 - Demand access to critical information about the state of the company, organization and about benchmarked companies or organizations.
 - Plan regular presentations by industry analysts and specialists including economists, scenario planners, political commentators, etc.
- Role of management
 - A board is not expected to understand the intricacies of all aspects of transformation, innovation, and digitalization. Strong business leaders are key.
- It is important to strengthen our expertise. Directors should not be in the last position, but in positions where people who can touch and learn at the forefront of the times should be hired. (TSEP)

How should a Board acquire full and updated knowledge

- **Conclusion**
 - Assess individual and group knowledge and capabilities.
 - Be proactive. Board members training should be planned.
 - Focus on understanding the business – competitive analysis, supplier base, value chain, technology and talent-.
 - Understand social, technological and economical trends.
 - Get knowledge from the inside & from the outside (experts, information...).
 - Risk management knowledge –and use- is key.
 - Demand reliable information from all sources.
 - Management is a key source for Board knowledge.
- **Room for discussion**
 - Have a Board Committee? (which focuses on the Board itself)
 - Should be planned by management?
 - Should the knowledge be in the Board or in Board members? (it's not realistic to expect to have a manageable number of board members who are going to be experts in all areas)
 - A function or Committee related to the

Future? E.g. Use of new technologies in a competitive way.



Summary from Workshops

Insights and practices to
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May, 2022

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SUMMARY



Although some organizations do not have a formal Board of Directors, as is the case of many small companies, it is important that those people who share difficulties, opportunities, ideas and decision making with owners and managers, follow the same approach and have the same competencies described herein.

Global and future vision

- The main contribution of the Board must be the interpretation and **reinterpretation of the business model with unequivocal clarity as to the business drivers**. The Board of Directors is the ultimate guarantor of continuity (sustainability + present feasibility).
- **Boards of Directors must, firstly, ensure the feasible sustainability of the organization**. Facing this responsibility is an essential role. The Board is in charge of not overlooking evolutionary changes and not losing track of long-term goals despite urgencies and changes. Include unpredictability in the agenda.
- To prepare the organization to embrace unpredictability, develop **skills of the Board and of the organization as a whole. In particular: (i) Learning Skills, (ii) Innovation Capacity and (iii) Strategic Thinking**.
- The agenda must migrate from “just control” to a “strategy that comprises the social, technological and new relationship dimensions”.
- **The Board must add value**: move from “take notes and bless” to “ask, understand, visualize, give an opinion and decide for company sustainability”.
- Directors must be aware of the present and of the future. **Need to focus on transformation, innovation, social evolution, new technologies, digitalization and sustainability. Business drivers must be clear. Make the business grow**.
- Since trends, and social and ethical problems have an influence and impact on the company stakeholders and its directors, taking them into account is essential for the organization governance.
- Adoption of measures must be genuine and consistent with the activity and the company business style.
- **Sustainability, of the company and in a holistic way**, both should be part of future projects, products, services and operations of the company.
- Directors should be more available in terms of time; they must **devote less time to formal issues and more time to strategic matters**.
- The adoption of policies must be extended to the whole value chain. It would have **no sense to have a company that adopts strict values and hire suppliers that, for example, exercises child labor**.

SUMMARY

Board's competencies

- Assess the Board. **Self-assessment and improvement implementation with measures based on said assessment.** Analyze the evolution of the company throughout the past years to have a vision of the results of the changes implemented.
- Ensure that the Board has a **diverse structure**. Deepen the importance and the role of independent directors. Rotate directors periodically to foster diversity. Diversity is a key aspect, i.e., the coexistence of different and complementary views.
- **Have metrics of the structure to ensure an appropriate composition** (gender and age diversity, different social and disciplinary backgrounds, etc.).
- Have a Director with a **digital mind and with a global vision**.
- Think about having a '**Committee for the Future**' to evaluate contingencies. The role of the emergency committee is essential. It should have the ability to provide solutions and learnings.
- Since the Board is responsible for ensuring business innovation and renewal, it must develop learning and innovation skills and set it as a requirement for the number one authority of the organization.
- **Do not praise experience exclusively so that it does not become a burden. The Board must be open to transformation. Directors must be "curious"** and be alert to what is happening

around them (known and unknown).

Agility

- **Be more agile.** Read the business environment and learn to respond quicker. Accept that change is permanent and guarantee rapid processes of experimentation, learning and adaptation. Encourage permanent and regular innovation finding support on experts.

Stakeholders' Vision

- Be on the alert to **identify new stakeholders that may come up** in each specific scenario and be active to make rapid decisions. Be **accessible to and interact with stakeholders**.
- **Listen to every stakeholder.**
- Every organization has as a goal the creation of a better world. Participation in political matters, not necessarily in political parties, should not be seen as something negative. The company is a social actor. **The Board must be an activist of the private sector in long-term public matters.**

Virtuality

- Accept virtual communication and virtual meetings. More frequent meetings. Be effective and efficient in the use of new means of communication.

SUMMARY



Risks

- Be aware of the risks and **reinforce risk assessment**. Consider a Risk Management Committee among Directors. Be aware of crisis.
- Generate a Risk Map which must be updated on a quarterly basis.
- Have clear policies. Get involved in politics when the principles and values could be attacked. Aspects that affect the present and the future of the organization cannot be disregarded.
- **Technology risks should be included in the “risk matrix”**, focus on non desired effects of digitalization (Cyber risk).

Closer Board of Directors

- **A closer to the management** board of directors is necessary. Generate closeness and empathy with the Management.
- Help the Management in a crisis just occasionally and when the situation is overwhelming. Profit from the crisis by foreseeing long-term strategic changes.
- **The Board must ensure that the Management does not continue carrying out “Business as Usual”** when the relevant scenario changes dramatically (exchange crisis, etc.). Reward management flexibility and agility.

Service time

- **Shorter deadlines and more rotation of directors.**

Sustainability

- **The concept of sustainability (*) or other similar or contributing factors -such as Circular economy (**)- did not come up during our workshops in Argentina.**
- Not being Sustainability part of the agenda of board members from national and international companies, might be the most important insight of both workshops.
 - (*) UN-appointed Brundtland Commission -1987- defined sustainable development as ‘development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs’. UN 17 Sustainable Development Goals -2015-.
 - (**) A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems. Ellen MacArthur Foundation.



Insights and practices from Workshops

to be considered by a
Board
May, 2022

Work in Progress

Framework

Insights and practices to be considered by a Board

BOARD GLOBAL AND FUTURE VISION

1. The Board is key to articulate a profound knowledge of the Company's Business Model across the Company structure.
2. The Board of Directors is the ultimate guarantor of continuity (sustainability + present feasibility). Articulates and keep updated the purpose of the Company.
3. Assure a clear integration among company vision, objectives and strategies.
4. Ensure that the demanding company vision already developed is represented by a solid aligned strategy with clear implementation owners.
5. Align policies and company culture.
6. Be actively involved in defining key strategic resources in order to assure the sustainability of the Organization.
7. Stay current with exponential technology and all other trends to incorporate them to the current scenery planning. Incorporate managing discontinuous "normal" change as 'business as usual'.
8. Intervene when values/principles are at stake.
9. Learn when to say NO when something is fostered by an owner but doesn't fit.
10. Should develop learning skills. All Directors having a global vision. Regular training.
11. Must ensure that the Management does not continue carrying out "Business as Usual" when the relevant scenario changes dramatically (exchange crisis, etc.). Reward management flexibility and agility.

Framework

Insights and practices to be considered by a Board

BOARD FUNCTIONING, KNOWLEDGE AND SKILLS

1. Increase Board knowledge bandwidth.
2. Have a professional Board. Knowledge based. Reinforce role of external director.
3. Assess the Board. Install self-assessment and improvement implementation with measures based on said assessment.
4. Ensure that the Board has a diverse structure. Deepen the importance and the role of independent directors. Rotate directors periodically to foster diversity. Diversity is a key aspect, i.e., the coexistence of different and complementary views.
5. Have metrics of the structure to ensure an appropriate composition (gender and age diversity, different social and disciplinary backgrounds, etc.).
6. Have a Director with a digital mind and with a global vision.
7. Think about having a 'Committee for the Future' to evaluate contingencies. The role of the emergency committee is essential. It should have the ability to provide solutions and learnings.
8. Since the Board is responsible for ensuring business innovation and renewal, it must develop learning and innovation skills and set it as a requirement for the number one authority of the organization.
9. Do not praise experience exclusively so that it does not become a burden. The Board must be open to transformation. Directors must be "curious" and be alert to what is happening around them (known and unknown).
10. Be more agile. Read the business environment and learn to respond quicker. Accept that change is permanent and guarantee rapid processes of experimentation, learning and adaptation. Encourage permanent and regular innovation finding support on experts.
11. Make decisions based on intelligent and a complete professional and data-based discussion. Decision tree.
12. Note: Management is not a Democracy, avoid decision by simple majority of no experts' participants (owners).

Framework

Insights and practices to be considered by a Board

SUSTAINABILITY - GLOBAL COMPETITIVENESS

1. Be aware of new groups of interest -Stakeholders- and its consequences for the organization.
2. Devote more time to strategy. Have strategic thinking. Clarity & focus. Strategic anticipation. A committee “of the future”?
3. Consider unpredictability (which is a need for adaptation & flexibility).
4. Manage discontinuous scenario change within the normal operation. Crisis is not a scenery change (even discontinuous ones). Consider that a crisis reduce competitiveness. There will be new scenarios, continuous or not.
5. Manage business related risks. Contingency plans - scenario planning & stress scenarios -risk map & Heat map-. Risk countermeasures is inherent to the business level. Outsource risk not business related.
6. Consider all types of risk: economic, market, supply, logistics, operational, employees, climate, health...
7. Maintain a good level of control.
8. Improve/maintain company image. Company image is key to attract young talented people.
9. Innovate and promote innovation. Manage rapid changes. Harmonize long term and short term.
10. Be permeable to new technologies. Understand how to increase business competitiveness using it. Experts must be available.
11. Sustainability, of the company and in a holistic way, both should be part of future projects, products, services and operations of the company.
12. RSE. Be aware of Artificial intelligence ethics.
13. Be aware of UN 17 SDGs.
14. Ensure an inclusive work environment -including suppliers and related operational companies-.

Framework

Insights and practices to be considered by a Board

COMPANY STRUCTURE

1. Pay attention to company structure.
2. The agenda must migrate from “just control” to a “strategy that comprises the social, technological and new relationship dimensions”.
3. Be more aware of management issues. Be nearer to management. Be available. Ensure a clear Board/management role separation. More strategic involvement, maintaining that separation of roles.
4. The Board must ensure that the Management does not continue carrying out “Business as Usual” when the relevant scenario changes dramatically (exchange crisis, etc.). Reward management flexibility and agility.
5. Ensure a succession plan across the company. Ensure there is an efficient employee evaluation program in the company.
6. Ensure new projects have needed resources (not only cash, people and time as well) available.
7. Have metrics of the structure to ensure an appropriate composition (gender and age diversity, different social and disciplinary backgrounds, etc.).

TALENTED PEOPLE

1. Increase Board knowledge bandwidth. Have talented and knowledgeable people as advisors.
2. Determine Key Success Factors and adapt the organization to that factors. Hire talented people related to that needs.
3. Understand the related operational environment and implement it.
4. Ensure an environment as to ensure a synergetic collaborative relationship among all its areas. Ask for and have key indicators. Ensure good results and improvement in this areas - ensure related actions are in place-.

Framework

Insights and practices to be considered by a Board

IT GOVERNANCE, TECHNOLOGY AND PROCESSES

1. Digital transformation. Hire needed talented people and ensure availability of related services.
2. Know how to include company needs in the IT application development space.
3. Ensure a more competitive program. Ensure support of the different versions. Be aware of application road map as well as future support level.
4. Be aware of new technology implementation, repayment and obsolescence.
5. Ensure training for best technology use. Be aware of its evolution.
6. Be aware that there is a risk of implementation as well as of no implementation.
7. Business continuity. Risk: cybersecurity. Consider a Chief Security Officer. Transform cybersecurity from a business inhibitor to a business enabler.
8. Define what to outsource. Ensure availability of needed resources both internally as well as externally.
9. Ensure data centric vision and business/technological synergetic integration (key to a successful Artificial Intelligence implementation).
10. Be aware of current initiatives: Internet of Things, digital transformation, wearable technology and social media.
11. Intrinsic understanding of needed technologies/methodologies. Consider that exponential change is impossible to predict by common extrapolation.
12. Understand how to measure the impact of technology in business. Negative results are also valuable results.
13. Be able to follow Exponential technology. Foster use where and when needed or useful. Deploy across the company.
14. Application evolution and obsolescence; maintain the project momentum.
15. Ensure the efficient utilization of processes like agility, design thinking, digital transformation and virtuality.
16. Virtuality improves Board efficiency (but keep regular face-to-face meeting as a way of maintaining solid relationships).

Framework

Insights and practices to be considered by a Board

BOARD AND STRATEGIC PARTNERS - RESOURCES

1. Pay attention and foster special relationship with shareholders. Offer the best investment alternative. Ensure the organizations anticipates their needs wishes and future demands.
2. Be aware of new trends in the industry/society. Increase interactions with present and new stakeholders representing this tendency.
3. Ensure availability of needed resources. Increase active relationships with strategic partners. Be aware of difficulties alternative sources.
4. Be aware of difficulties. Alternative sources.
5. Ensure participation -participate- in chambers/government related institutions.
6. The adoption of policies must be extended to the whole value chain. It would have no sense to have a company that adopts strict values and hire suppliers that, for example, exercises child labor.

Framework

Insights and practices to be considered by a Board

BOARD CONTRIBUTION

1. Directors must be aware of the present and of the future. Need to focus on transformation, innovation, social evolution, new technologies, digitalization and sustainability. Business drivers must be clear. Make the business grow.
2. Understand Board contribution. Measure results.
3. Data must be significant/genuine/consistent and relevant to the company business model. Ensure company viability.
4. Analyze the evolution of the company throughout the past years to have a vision of the results of the changes implemented.
5. Consider Brand awareness. Competitive position in the marketplace.
6. Consider level of internal employee climate/satisfaction (at least, last 3 years).
7. Continue to consider economic results and cost of capital. Cost of supplies. Cost of logistics.
8. Evaluate the company past evolution in order to have a vision of results as well as changes.
9. Company intelligence.

10. Nonexistent/controlled internal crisis level.