



BOARD  
EVALUATIONS

CORPORATE GOVERNANCE  
IMPLEMENTATION GUIDE



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**About the Authors | Cefeidas Group**

Cefeidas Group is an international advisory firm that helps clients achieve their goals in Latin America. Cefeidas has worked with IDB Invest and the IDB for over a decade. Cefeidas provides professional services in public policy, risk and strategy; corporate governance, stewardship and sustainability; and strategic intelligence and research. [www.cefeidas.com](http://www.cefeidas.com)



# 1. BOARD EVALUATION FUNDAMENTALS

**Board evaluation** is a systematic and structured process through which the performance of this corporate governing body is examined and assessed, both in its collective functioning and in the individual contribution of its members. This practice is internationally recognized as a cornerstone of good corporate governance. It transcends simple regulatory compliance to become a strategic tool for continuous improvement that strengthens the Board's ability to create sustainable value.

## Why is it essential to the company's success?

Board evaluation is essential because it directly impacts the quality of strategic decision-making that determines the organization's future. A Board that undergoes systematic evaluations develops greater self-awareness about its internal dynamics, improves the quality of strategic discussions, optimizes time-management in meetings, and strengthens its ability to effectively oversee management.

In the context of Latin America and the Caribbean, where governance structures face particular challenges such as ownership concentration, the presence of family businesses, and the need for professionalization, evaluation becomes a fundamental catalyst for positive transformation towards international standards of corporate governance. It helps informal practices evolve towards institutionalized processes that transcend personal relationships and ensure the company's long-term sustainability.

## Scope and application

The evaluation process should cover multiple dimensions of corporate governance, but it is not necessary to address all of them simultaneously. A good approach is to start by focusing on one or two dimensions and progressively incorporate greater scope and complexity as the organization becomes familiar with the practice. Specifically, it is often advisable to start with the collegiate dimension - the Board's dynamics and how it operates as a collective body - as this provides a solid basis for subsequent individual or thematic evaluations. The main dimensions to evaluate are:



### Evaluation of the Board as a collective body

Examines the effectiveness of the Board as a whole, analyzing aspects such as the quality of the decision-making process, discussion dynamics, the effectiveness of the agenda, the balance between



### Key concept: evaluation as a tool for continuous improvement

Evaluation should not be seen as an exercise of control or criticism, but as a constructive mechanism that allows the Board to reflect on its effectiveness, identify areas of strength and opportunity, and establish concrete action plans to optimize its functioning. It is fundamentally an organizational learning process that strengthens corporate governance.

oversight and support for management, and effectiveness in fulfilling its fiduciary responsibilities.



#### Individual evaluations of directors

Assesses each member's specific contribution, considering their preparation for meetings, active participation in discussions, contribution of relevant expertise, fulfillment of fiduciary duties, and commitment to the time required for the role.



#### Evaluation of Board committees

Analyzes how specialized committees (Audit, Risk, Compensation, Nomination, etc.) operate, verifying that they effectively fulfill their mandate, maintain appropriate independence, and add value to the work of the full Board.



#### Evaluation of the Chair of the Board

Specifically examines the Chair's leadership in conducting meetings, facilitating constructive debate, managing the agenda, institutional representation, and relationship with the CEO and senior management.



#### Evaluation of Board-management interactions

Assesses the quality of the relationship between the Board and the executive team, ensuring an appropriate balance between oversight and support, with effective communication channels and clear limits of responsibility.

## What is the purpose of this tool?

Board evaluations serve multiple and interconnected objectives that strengthen corporate governance:

- **Better performance:** identify concrete opportunities to optimize how the Board functions, from operational aspects such as time management to strategic elements such as the quality of discussions
- **Strategic alignment:** ensure that the Board's composition, competencies, and focus are aligned with the organization's current and future strategic challenges
- **Capacity building:** identify gaps in knowledge or experience that need to be filled through training, member renewal, or specialized external advice

- **Strengthening culture:** promote a culture of transparency, accountability, and continuous improvement that permeates the entire organization from its highest governance body
- **Compliance and legitimacy:** meeting regulatory expectations and best practices standards, strengthening credibility with investors, regulators, and other key stakeholders

## Types of Board evaluations

To choose the most appropriate type of evaluation, consider the organizational culture, the Board's level of maturity, and the specific objectives sought.

**1. Self-assessment:** Board members evaluate their own collective and individual performance through questionnaires, facilitated discussions, or a combination of both. Recommended for Boards just beginning their evaluation practice or medium-sized companies with limited resources but a genuine commitment to improvement.

### Advantages:

- Cost-effective and relatively quick implementation
- Generates process ownership by the directors
- Facilitates open discussions on internal issues

### Considerations:

- May lack objectivity due to inherent biases
- Risk of complacency or avoiding difficult topics
- Limited external credibility if not supplemented by other mechanisms

**2. Self-assessment with external assistance:** an external facilitator designs and manages the assessment process, but the evaluation is still carried out by the directors themselves. The facilitator brings methodology, analytical objectivity, and comparative experience. Recommended for companies in the process of professionalization or seeking to raise their corporate governance standards to international levels.

### Advantages:



### Practical note: Evolving evaluations

Organizations typically evolve in their evaluative practices, starting with simple self-assessments and progressing to more sophisticated methodologies as their corporate governance frameworks mature.

- Combines internal knowledge with an external, objective perspective
- Greater credibility than pure self-assessment
- Facilitators can provide benchmarking and best practices
- Allows for greater neutrality in addressing sensitive issues

#### Considerations:

- Moderate cost for facilitator fees
- Requires careful selection of external advisors
- The Board must be open to external feedback

**3. Independent external evaluation:** a fully independent external evaluator conducts the entire process, including in-depth individual interviews, observing meetings, desk review, and benchmarking against best practices. Recommended for listed companies, regulated entities, organizations undergoing significant transformation processes or seeking to attract sophisticated institutional investment.

#### Advantages:

- Maximum objectivity and independence
- High credibility for external stakeholders
- Identification of blind spots not recognizable internally
- Recommendations based on extensive comparative experience
- Compliance with more demanding international standards

#### Considerations:

- Significant investment in fees and time
- Requires full openness and confidence in the process
- Can meet with initial resistance based on a feeling of intrusion

#### 4. External evaluation with a behavioral-dynamics component:

the most sophisticated stage of the evaluation process, in which a specialized external team not only evaluates the formal fulfillment of responsibilities, but also deeply analyzes the behavioral dynamics of the Board. It includes direct observation of meetings, psychometric analysis of individual profiles, assessment of group dynamics, and mapping of behavioral competencies critical to effective governance. Recommended for organizations in critical moments of transformation, Boards facing recurring dysfunctional dynamics, companies preparing for major leaps in growth or



#### Family Businesses

Board evaluations in family businesses represent a valuable tool for professionalization and intergenerational sustainability:

- **Separation of roles:** clarifies the distinction between family roles and business responsibilities, establishing objective performance criteria
- **Orderly succession:** facilitates the identification and development of talent for succession from within the Board and management
- **Legitimizes decision making:** strengthens the credibility of difficult decisions by basing them on objective and transparent processes
- **Attracts external talent:** demonstrates professionalism, which attracts quality independent directors

internationalization, or entities seeking to achieve world-class standards in corporate governance.

**Specific components of behavioral analysis:**

- **Individual competencies:** assessment of each director's soft skills including leadership, strategic thinking, independent judgment, constructive questioning ability, and resilience to pressures
- **Decision-making interaction:** analysis of communication patterns, discussion quality, conflict management, consensus-building processes, and power dynamics within the Board
- **Governance practices in action:** observation of how policies and procedures are actually applied beyond formal compliance, identifying gaps between declared governance and what happens in practice
- **Relationship with management:** in-depth evaluation of the balance between oversight and support, analysis of communication patterns, identification of possible captures or excessive dependencies, and assessment of the constructive challenge
- **Mapping of collective competencies:** identification of competencies present and missing in the Board as a team, considering complementarity, cognitive diversity, and coverage of critical expertise

**Advantages:**

- Provides in-depth feedback on actual versus formal effectiveness
- Identifies dysfunctional dynamics that are not evident in traditional evaluations
- Generates individualized growth plans that allow for targeted development and coaching interventions
- Optimizes Board composition based on complementarity profiles

**Considerations:**

- Requires significant investment in time and resources
- Demands exceptional openness and maturity from the Board
- Requires consultants with specialized expertise in organizational psychology and corporate governance
- Can provoke initial anxiety about the level of personal exposure, which requires strict confidentiality

## Link to the pillars of good corporate governance

Board evaluation embodies and reinforces the fundamental, internationally-recognized principles of corporate governance:

### Accountability

Evaluation establishes a formal mechanism through which the Board is held accountable for its performance, not only to shareholders but to all stakeholders. It creates a documented record of commitments to improve and monitor compliance, strengthening the governing body's credibility. A Board that is systematically evaluated demonstrates that no entity is above constructive scrutiny, modeling a culture of accountability that permeates the entire organization.

### Fairness

The evaluation process ensures that all directors are assessed using objective and transparent criteria, regardless of who nominated them or what interests they represent. It guarantees equal opportunities to contribute and develop, promoting an environment of justice and mutual respect.

### Responsibility

Evaluation clarifies and reinforces directors' fiduciary duties, periodically reminding them of their legal and ethical obligations. It identifies situations where the fulfillment of responsibilities may be compromised, allowing timely corrective actions.

### Transparency

Although the specific details of the evaluation may be kept confidential, the process itself and its overall results must be appropriately communicated to stakeholders. This transparency strengthens trust in corporate governance and demonstrates a commitment to continuous improvement.

## References to international standards



### OECD Principles of Corporate Governance (2023)

These Principles clearly state that *“the Board of Directors should regularly evaluate its own performance and that of individual directors”*. Specifically, Principle VI states that:

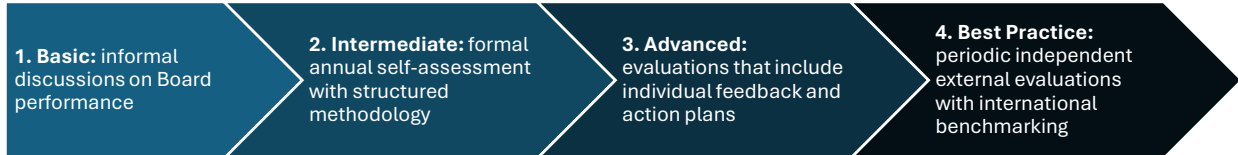
- Evaluations should be systematic and based on transparent criteria
- They should consider both collective performance and individual contributions
- The results should be used to improve the Board's effectiveness
- It can benefit from external facilitation for greater objectivity



### Corporate Governance Development Framework (CGDF)

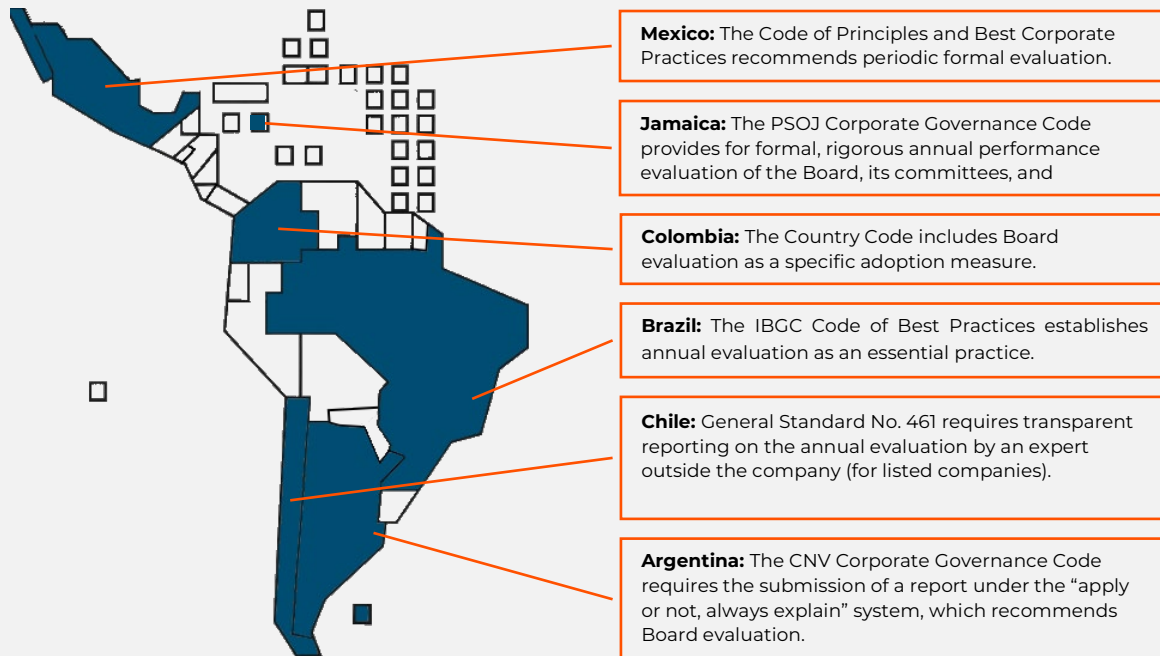
The CGDF, used by development finance institutions including IDB Invest, sets out a clear progression in the sophistication of evaluation practices:

*Levels of advancement in corporate governance practices:*



### Regional and national standards

While international standards provide a valuable framework, each organization must adapt its evaluation process to its specific context, considering cultural, regulatory, and organizational maturity factors specific to its environment. In Latin America and the Caribbean, various national codes and standards have incorporated Board evaluation as a recommended or required practice:



## 2. KEY COMPONENTS AND STRUCTURE

### Board presentation document

Once the Board has agreed to carry out an evaluation, it is essential to formally establish the characteristics of the process. A memo should be submitted to the Board that allows them to identify, discuss, and approve the evaluation's main design elements.

Following is a simple template for drafting the memo. Companies are invited to develop their own detailed documents.

#### **MEMORANDUM TO THE BOARD OF DIRECTORS**

##### **Proposed Board Evaluation Methodology**

*[Company name]*

=====

**TO:** The Board of Directors

**FROM:** *[Corporate Secretary/Corporate Governance Committee]*

**DATE:** *[Date]*

**SUBJECT:** *Selecting the Board of Directors Evaluation Methodology*

=====

#### **I. PROPOSAL**

*Present to the Board the different methodologies available for a Board of Directors performance evaluation process with the aim of selecting and approving the most appropriate methodology for our organization.*

#### **II. CONTEXT AND NEEDS**

*[Explain why the Board should be evaluated at this time. Several reasons can be given, such as:*

*Market trends: the quality of corporate governance as a key decision-making factor for investors and funders*

*Continuous improvement: objective identification of strengths and opportunities for improvement*

*Timing: adapt according to context: new strategic cycle, preparing for investment, changes in composition, etc.]*

### III. KEY REQUIRED DECISIONS

The Board must make four key decisions:

- What to evaluate? (Scope)
- How to evaluate? (Data-collection method)
- How to measure? (Rating scale)
- Who will evaluate? (Internal vs. External)

### IV. ANALYSIS

#### DECISION 1: EVALUATION SCOPE

Option A: Start with the basics - evaluate only the Board as a collegiate body

Benefits include less resistance and lower upfront cost (approx. [\$XXXX] budget), simplicity and speed of the process (approx. [x weeks or months]), as well as the ability to gradually build an evaluation culture. However, it also has limitations: the information gathered is more limited, it does not identify individual issues, and it has less impact on overall improvement.

Option B: Comprehensive evaluation

Evaluate Board + Individual Directors + Committees + Chair

Evaluating the Board as a whole, as well as individual directors, committees, and the chair provides a comprehensive view of corporate governance, identifies necessary improvements with precision, and is aligned with international best practices. However, this approach also implies greater initial complexity, may generate resistance from some directors, and requires more time (approximately [x weeks or months]) and resources (approximate budget of [\$XXXX]).

Recommendation: For this first stage, a self-assessment with guidance from an external advisor is recommended as it will allow us to learn about the Board evaluation process.

#### DECISION 2: DATA-COLLECTION METHOD

##### 5. Comparison of options

There are different methods for evaluating the Board, each with different characteristics, advantages, and costs.

- **Anonymous questionnaires**, whether in online or paper format, require between 30 and 45 minutes per director and represent a low cost
- **Individual interviews** consist of in-depth one-on-one conversations, are more effective in delicate situations, take between 60 and 90 minutes per director, and have a medium cost
- The hybrid method combines a questionnaire with individual interviews, takes approximately 45 minutes plus 2 hours, and has high costs

Option B is more viable for a company that has already established a minimum Board evaluation culture. It's recommended to start with option A if there is no experience with evaluations.

*Recommendation: The hybrid method is considered the most recommended and combines anonymous questionnaires with a group discussion session, allowing us to take advantage of the best of both approaches. In phase 1, anonymous questionnaires ensure honest responses by removing any fear of potential consequences, generate quantitative data that facilitates comparison, and offer each director the opportunity to reflect individually before the group exchange. In phase 2, the information collected during the interviews allows the results to be analyzed in aggregate, without identifying individuals, which helps to build consensus on priorities and, at the same time, fosters collective commitment to the resulting action plan.*

### **DECISION 3: RATING SCALE**

*[Comparative analysis of rating scales*

*Option 1: Numerical scale 1-5*

*Example*

*Does the Board dedicate enough time to strategy?*

*1 = Completely inadequate*

*2 = Needs significant improvement*

*3 = Acceptable*

*4 = Good*

*5= Excellent*

*Main characteristics:*

- Simplicity: very easy to use and understand*
- Comparability: international standard*
- Analysis: allows for robust statistics*
- Risk of bias: tendency to focus on 3-4*

*Option 2: Numerical scale 1-10*

*Main characteristics:*

- Simplicity: Requires more reflection*
- Comparability: less standard*
- Analysis: greater granularity*
- Risk of bias: better distribution of responses but lack of uniformity*

*Option 3: Scale of Agree/Disagree*

*Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree*

*Main characteristics:*

- Simplicity: linguistically natural*
- Comparability: variable according to wording*
- Analysis: Requires conversion into numbers*
- Risk of bias: high tendency to “agree”*



#### **Important!**

**The Board must decide on the methodology to be used and therefore, on the rating scale.**

When using an external facilitator, the rating scale and implementation will depend on the facilitator's methodology.

**Three sample scale options are presented here, and others may be chosen if they are more convenient for the company.**

The decision to be made by the Board should be adjusted accordingly in the memo.

Selecting a rating methodology is not trivial and should be aligned with organizational culture, corporate governance maturity, and specific evaluation objectives. The key is to choose a methodology that generates actionable information while remaining simple enough to ensure committed participation from directors. Remember that the best evaluation system is the one that is actually used and whose results translate into concrete improvements in corporate governance.

#### Option 4: Traffic light system

Red = Requires urgent attention, Yellow = Needs improvement, Green = Working well.

##### Main characteristics:

- *Simplicity: extremely simple*
- *Comparability: very basic*
- *Analysis: limited to 3 categories*
- *Risk of bias: low as it forces clear decisions]*

##### Recommendation:

Use a numerical scale from 1 to 4 to eliminate the "midpoint" and avoid conformity bias.

#### DECISION 4: INTERNAL VS. EXTERNAL EVALUATION

Recommended progressive approach:

- *Year 1: Internal evaluation facilitated by an external expert assisting the Corporate Secretary*
- *Year 2: Internal evaluation facilitated by the Corporate Secretary*
- *Year 3: First external evaluation*
- *Years 4-5: Internal evaluations*
- *Year 6: Second external evaluation*

#### V. IMPLEMENTATION PLAN

*[Modify according to the methodology used and whether or not there is external support]*

Suggested schedule (assuming approval today)

- *[Weeks 1-2: Development/adaptation of the questionnaire (external advisor/Corporate Secretary)*
- *Week 3: Review and approval of the questionnaire (Chair of the Board)*
- *Week 4: Calibration meeting - what each score means - (external advisor and full Board (30 min))*
- *Weeks 5-6: Questionnaire response period (directors)*
- *Week 7: Analysis and consolidation of results (external advisor/Corporate Secretary)*
- *Week 8: Presentation of results and discussion - special Board meeting (2 hrs) (Corporate Secretary)*
- *Weeks 9-10: Action Plan development (designated committee)*
- *Week 11: Approval of the improvement plan (Board)]*

##### Process Roles

- **Process Leader:** typically the Chair of the Board or Chair of the Nominations and Corporate Governance Committee
- **Technical facilitator:** Corporate Secretary or Director of Corporate Governance
- **External evaluator:** recognized independent consultant

#### VI. CRITICAL SUCCESS FACTORS

To ensure real value from the process:

- *Ensure absolute **confidentiality** for individual responses*
- *Communicate clearly that it is **a tool for improvement**, not a punitive evaluation*
- ***Visible commitment from the Chair** to the process*
- *Translate results into **concrete actions** with accountable leads and deadlines*
- ***Follow-up on the progress** of the improvement plan quarterly*

##### Set Priorities

- **Quick wins:** high-impact improvements and easy implementation
- **Strategic projects:** more complex structural changes
- **Continuous improvement:** incremental adjustments to existing processes

## VII. REQUESTED BOARD DECISIONS

The Board is asked to:

- APPROVE implementation of a Board evaluation process
- SELECT the methodology (Scope, Data-collection method, Rating scale, Internal vs. External)
- AUTHORIZE the Corporate Secretary to implement the process
- ESTABLISH an implementation calendar

=====

**Prepared by:** [Name]

**Reviewed by:** [Name]

## Annotated board evaluation questionnaire template

The following is a simple Board evaluation questionnaire template (applicable for self-assessment processes without individual evaluation). Companies are invited develop their own detailed documents.

### BOARD OF DIRECTORS EVALUATION QUESTIONNAIRE

[Company Name] - Year [Year]

#### SECTION I: STRATEGY AND OVERSIGHT

[This section assesses the Board's critical role in strategic direction]

##### 1. Strategy Definition and Oversight

- Does the Board spend sufficient time discussing and approving the corporate strategy?
- Does the Board effectively monitor implementation of the approved strategy?
- Does the Board understand clearly the strategic risks the company faces?

[Notes or comments:]

##### 2. Performance Oversight

- Has the Board established clear key performance indicators (KPIs) to monitor progress?
- Does the Board regularly evaluate the performance of the CEO and Senior Management?

- Does the Board cover and properly prioritize the matters within its remit throughout the year?

*[Notes or comments:]*

## **SECTION II: COMPOSITION AND COMPETENCIES**

*[Assesses whether the Board has the right mix of skills, experience, and diversity]*

### 3. Size and Composition

- Is the size of the Board appropriate for the company's needs?
- Does the Board's composition reflect an appropriate balance between continuity and renewal?
- Does the Board have enough independent directors?

*[Notes or comments:]*

### 4. Skills Matrix

*[The Board skills matrix is key to identifying skills gaps. It should be evaluated annually and updated according to strategic changes in the company.]*

*Industry experience: Current Level/Required Level/Gap*

*Financial expertise: Current Level/Required Level/Gap*

*Digital transformation: Current Level/Required Level/Gap*

*Risk management: Current Level/Required Level/Gap*

*Sustainability/ESG: Current Level/Required Level/Gap*

*International experience: Current Level/Required Level/Gap*

Depending on the company's purpose and core activities, specialized knowledge may come either from a Board member or external guest experts. Whatever the case, it is vital that the input be provided systematically and aimed at strengthening decision-making within the Board, ensuring that the Board has the expertise it needs to address the most relevant strategic issues.

## **SECTION III: BOARD DYNAMICS AND CULTURE**

*[Examines the qualitative aspects of the Board's operation]*

### 5. Culture of Debate and Constructive Challenge

- Is there a climate of trust that allows for candid and open debate?
- Do directors constructively challenge management's proposals?
- Are all directors actively involved in the discussions?

*[Notes or comments:]*

## **SECTION IV: PROCESSES AND PROCEDURES**

*[Evaluates the Board's operational efficiency]*

### 6. Preparation and Conduct of Meetings

- Are materials distributed well in advance (minimum 5 days)?
- Does the quality of the materials allow for adequate preparation?

- Is time appropriately distributed between presentations and discussion?
- Does the financial and operational information distributed to the Board allow for informed decision making?

**The 70/30 rule** recommends that 70% of time should be spent on discussion and 30% on presentations.

[Notes or comments:]

**SECTION V: BOARD COMMITTEES**

[Evaluate the effectiveness of each existing committee. Sections II to IV can be replicated in detail for each committee]

7. Committee Operation

Audit

- Appropriate composition [1 to 4]
- Frequency of meetings [1 to 4]
- Quality of reports to the Board [1 to 4]

[Risks]

- Appropriate composition [1 to 4]
- Frequency of meetings [1 to 4]
- Quality of reports to the Board [1 to 4]

[Nominations and Compensation]

- Appropriate composition [1 to 4]
- Frequency of meetings [1 to 4]
- Quality of reports to the Board [1 to 4]

[Notes or comments:]

## Post-Evaluation Action Plan

The evaluation process should include a structured template for the improvement plan:

Finding	Required Action	Lead	Timeline	Resources	Success Indicator
Example: Limited participation by some directors	Establish a minimum attendance policy (85%)	Chair of the Board	3 months	Update the Board Charter	100% attendance at next 3 meetings

Key Performance Indicators (KPIs) to be considered in the post-evaluation results:

KPI	Target	Action Lead
Attendance at meetings	>90%	Secretary
Agenda compliance	100% of key topics	Chair
Timely distribution of materials	5 days in advance	Secretary
Conflict of interest disclosures	100% declared	Ethics Committee
Completed evaluations	100% of directors	Governance Committee
Completed Trainings	2 per year minimum	HR

### 3. STEP-BY-STEP IMPLEMENTATION GUIDE

It is essential to understand that evaluation is not a one-off compliance exercise, but an ongoing improvement process to strengthen the performance of the company's most important governance body. Below are the five critical phases for implementing a robust evaluation process with their key actions.


#### Preparation phase

1

**Months 1 and 2**

**Objective:** establish the organizational foundations, secure commitment, and define the scope of the evaluation process


<p><b>Key Action 1 — Secure commitment and appoint leadership:</b> Ensure formal commitment from the Board through a specific resolution that makes the process a requirement and sets its periodicity. Appoint the process leader (typically the Chair of the Board or the Chair of the Corporate Governance and Nominations Committee) with sufficient authority and direct and full access to the Board. Form a working team that includes the Corporate Secretary and, if necessary, the head of corporate governance.</p>	<p><b>Key Action 2 - Assess the current situation and define objectives:</b> Carry out a diagnostic study of current governance practices by reviewing minutes, statutes, and regulations. Identify gaps relative to international best practices and local regulatory requirements. Clearly define the specific objectives of the evaluation process: improve Board dynamics, optimize composition, strengthen strategic oversight, or meet regulatory requirements.</p>
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**Practical note: Ensuring confidentiality**

Without confidentiality, it is almost impossible to get honest and constructive feedback. Recommended measures:

- Use codes instead of names on questionnaires
- Hire an independent third party to process responses
- Present only aggregated results to full Board
- Destroy individual questionnaires after processing
- Establish a clear protocol for handling sensitive information
- Limit access to detailed results to the process lead



**Template:** **Annex I** to this document provides a template evaluation results dashboard with year-to-year comparison. [Click here](#)

## Design phase

2

**Month 3**

**Objective:** Develop the methodology, as well as specific tools and materials for the evaluation process.

<p><b>Key Action 3 - Select methodology and scope:</b> Present the Board memorandum to receive approval for the process methodology and schedule. Determine the most appropriate type of evaluation for the company at that moment: internal (led by the Chair of the Board or Secretary), assisted internal (with support from an external facilitator), or fully external (carried out entirely by an independent third party). Define the scope: evaluating the Board as a collective body, individual evaluation of directors, committee evaluations, and evaluation of the Chair of the Board.</p>	<p><b>Key Action 4 - Develop evaluation tools:</b> For self-assessment without external support, design pertinent questionnaires that cover key areas: Board composition and structure; effectiveness of meetings and work processes; quality of information received; strategy and risk oversight; relationship with senior management; committee performance; and leadership by the Chair. Include quantitative questions and spaces for qualitative comments. Prepare interview guides to supplement questionnaires when necessary.</p>
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## Validation and approval phase

3

**Month 4**

**Objective:** Obtain formal approval of the process and ensure all participants understand it.

<p><b>Key Action 5 - Validate with the Corporate Governance Committee (if applicable):</b> Submit the proposed methodology to the Nominations and Corporate Governance Committee (or equivalent) for detailed review. Adjust the process based on recommendations, ensuring that it reflects the specific characteristics of the company and its sector. The committee must issue a formal</p>	<p><b>Key Action 6 - Get approval in a Board plenary session:</b> Present the complete evaluation plan in a formal Board meeting, including: objectives, methodology, schedule, instruments, confidentiality process, and expected use of results. Obtain unanimous approval and a commitment from all directors to participate. Document the approval in the minutes with details of the selected process.</p>
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**Responsibilities of the Project Lead:**

- Coordinate all activities
- Serve as a single point of contact
- Report progress to the Chair of the Board
- Manage resources and timeframes

recommendation or validation to the full Board.

## Execution phase

4

### Month 5

**Objective:** Implement the evaluation process ensuring maximum participation and information quality.

**Key Action 7 - Distribute materials and collect responses:**

Distribute the questionnaires with clear instructions on confidentiality, the deadline for responses (typically 2-3 weeks), and how to return them. If conducting interview-based evaluations, schedule 60–90-minute one-on-one sessions with each director. Ensure confidentiality by using anonymous codes or systems where appropriate. Monitor actively to ensure 100% participation.

**Key Action 8 - Analyze results and prepare the report:**

Consolidate quantitative responses, identifying trends, strengths, and areas for improvement. Analyze qualitative remarks by looking for recurring themes. Prepare an executive report that includes: a summary of the main findings, analysis by evaluation dimension, comparison with best practices (when applicable), and prioritized improvement recommendations. Maintain strict confidentiality in the handling of individual information.

## Communication and Action Plan Phase

5

### Month 6 and onwards

**Objective:** Present results and develop a concrete improvement plan with specified leads and deadlines.



**Key Action 9 - Present results and facilitate discussion:**

The process lead presents the results to the Board in a special session, focusing on aggregate findings and maintaining individual confidentiality. Facilitate constructive discussion on priority areas for improvement. If individual evaluations were conducted, the Chair holds one-on-one meetings with each director for personalized feedback. Document resolutions and commitments arising from the discussion.

**The forced-consensus fallacy**

Pushing for unanimous conclusions regarding the evaluation suppresses valuable divergent perspectives. Legitimate differences of opinion should be explored, not silenced, because they often reveal important underlying tensions that require attention.

## 4. TIMING AND CONTINUOUS ADAPTATION

Board evaluations are not one-off events. They are elements in an ongoing process that must be strategically integrated into the corporate governance calendar.

### Critical moments for evaluation



The **appointment of a new CEO or Chair of the Board** is a natural occasion to conduct a comprehensive evaluation. This change in leadership is an opportunity to set new performance expectations and strengthen Board dynamics. Similarly, when there is a **significant renewal of directors** (more than 30% of members), an evaluation helps to identify competency gaps and facilitate the effective integration of new members.



**Preparing for the CEO's succession** inevitably requires an in-depth assessment of the Board's ability to manage this critical process. This evaluation should examine not only current performance, but also the Board's readiness to oversee the transition and support new leadership.



**Significant digital or technological transformations** require a review of the Board's competencies in these areas. The evaluation should examine whether the Board has the knowledge it needs to effectively oversee digital transformation, cybersecurity, and technological innovation.



**M&A processes** require evaluations that ensure the Board has the competency to oversee integration, manage cultural risks, and maximize synergies. In these cases, the evaluation should include a review of the Board's M&A experience and its ability to oversee complex due diligence processes.



**Entry into new markets or geographic areas** creates the need to assess whether the Board has the market knowledge, regulatory understanding, and cultural sensitivity necessary to oversee international operations successfully.



#### Practical note:

Unforeseen crises such as pandemics or market disruptions can also serve as catalysts for extraordinary Board assessments. These evaluations should focus on responsiveness, decision-making agility, and effectiveness in crisis management.



#### Advanced practice - integrating ESG processes:

Board evaluations can explicitly analyze oversight performance related to environmental, social, and governance issues. This evaluation should feed into the annual sustainability report and communications with ESG investors.



**Significant regulatory changes** in corporate governance often require adjustments in evaluation practices. For example, new diversity, sustainability, or transparency requirements may require changes to evaluation criteria and processes.



**Preparing for an initial public offering (IPO)** inevitably requires strengthening all aspects of governance, including implementing formal and systematic Board evaluations that meet capital market expectations.



**Institutional investor demands** for greater transparency and effectiveness in governance are driving companies to adopt more rigorous evaluation practices. Investors with ESG (Environmental, Social, and Governance) mandates often require evidence of regular evaluations and concrete improvement plans.



### Link with the General Shareholders' Meeting

The **report to the General Stakeholder's Meeting** must include relevant information on the evaluation process and results, but it is not necessary to include the findings in detail (since confidentiality must be maintained and the Board must be given the opportunity to improve):

- **Process transparency:** description of the methodology used (internal/external)
- **Identified strengths:** recognition of distinctive Board competencies
- **Improvement plans:** concrete action commitments to address areas of opportunity
- **Progress on previous plans:** demonstrate continuous improvement and accountability



### Annual evaluations - the standard practice

This frequency allows for:

- **Continuous performance monitoring:** early identification of areas for improvement before they become critical issues
- **Systematic monitoring of action plans:** verification that improvements identified in previous evaluations are being implemented
- **Agile adaptation to changes in the environment:** timely adjustment of skills and processes in reaction to changes in the business context
- **Regulatory compliance:** meeting increasingly common requirements in codes and regulations

### In-depth evaluations every three years

These are typically facilitated by an external consultant and supplement the annual assessments. These in-depth evaluations should:

- **Examine fundamental structural aspects:** size, committee structure, skills matrix
- **Perform external benchmarking:** with national and international best practices in the sector
- **Evaluate the Board's culture:** in-depth analysis of interpersonal dynamics, quality of debate, and effectiveness in decision making
- **Review the evaluation process itself**

## 5. IMPLEMENTATION CHALLENGES AND CRITICAL SCENARIOS

### Warning signs of poor implementation

Recognizing early indicators of problems allows you to intervene before the process fails completely. Organizations should be attentive to these warning signs:



**Check-the-Box Syndrome:** when evaluation becomes a mechanical exercise in regulatory compliance without genuine engagement from leadership, the process loses all value. Red flags include: questionnaires hastily completed in the last few minutes before the deadline, generic and superficial responses that do not demonstrate deep reflection, and the absence of substantive discussion about results at Board meetings.



**The paradox of evaluative silence:** an evaluation process that consistently yields only positive results or in which all directors rate everything as “excellent” indicates serious problems. This artificial uniformity suggests that directors fear retaliation, do not have confidence in process confidentiality, or are simply disinterested. International experience shows that healthy organizations typically obtain mixed results that identify both strengths and areas for improvement.



**No post-evaluation plan:** perhaps the most worrying red flag is when the evaluation results do not generate concrete actions. If evaluations are simply archived without generating improvement plans, implementation timelines, or systematic follow-up, the exercise becomes futile and generates organizational cynicism about future processes.



#### Critical alert!

If after three evaluation cycles no significant areas for improvement have been identified or no concrete changes have been implemented, the process is fundamentally failing. A Board that finds nothing to improve upon is probably not being evaluated honestly.



#### Practical note:

Family businesses should consider including preparatory sessions that clearly distinguish between family roles and fiduciary responsibilities. This helps to depersonalize feedback and maintain professional focus.

## What-If Scenarios



### “What if the CEO/Chair opposes the evaluation?”

When the CEO or Chair opposes Board evaluation, seeing it as a threat to their authority or a waste of time, it is key **to involve the Audit Committee or independent directors to lead the process.** A good strategy is to start with an evaluation of the Board as a collective body, complementing it with benchmarks **against comparable companies that show the value of the practice.** If resistance persists, the existence of a deeper corporate governance problem must be considered. Added to this is the importance of clear leadership. Without a dedicated champion driving the evaluation - ideally the Chair of the Board or Chair of the Nominations and Corporate Governance Committee - the process will lack authority and momentum. This leader must provide credibility, independence, and determination to ensure full and honest engagement.



### “What if the results reveal severe dysfunction?”

If the Board evaluation reveals severe dysfunctions such as irreconcilable factions, widespread incompetence, or fiduciary violations, it is critical to act quickly and rigorously. The first step is to involve **external legal and governance advisors who provide independence and technical soundness.** Building on this base, a remediation plan must be established with specific timelines and clearly assigned responsibilities, even considering changes to the Board's composition if necessary. Increasing the frequency of evaluations and **comprehensively documenting all actions undertaken** is strongly recommended, both to ensure continuous improvement and to reinforce legal protection for the organization.



### “What if there is no genuine engagement?”

When directors simply fill out the forms but do not engage in meaningful discussions or implement improvements, the evaluation loses any real impact. The best strategies to remedy this situation are **to reduce the initial scope to two or three critical issues** that generate quick victories, initiate executive sessions without participation by management to enable more open debate, **and consider external facilitation to break entrenched**



#### Common Traps:

##### Evaluation as a compliance duty

Organizations that treat evaluations simply as a regulatory requirement miss a valuable opportunity for improvement. Symptoms of this perspective include: generic questionnaires unsuited to the context, partial or superficial participation, reports being filed without discussion, the absence of concrete action plans, and year-over-year repetition of the same process with no evolution.

##### The overevaluation trap

Attempting to evaluate too many aspects at once dilutes focus and exhausts the participants.

##### The illusion of external evaluation as a panacea

Hiring outside consultants without adequate internal preparation or clear expectations rarely produces useful results. Consultants can facilitate the process, but they cannot replace internal commitment and willingness to change.

##### The error of linking evaluation with remuneration

Directly linking evaluation results with Board members' compensation contaminates the process, incentivizing strategic rather than honest responses.

**patterns.** At the same time, it is essential to avoid poorly designed questionnaires. Ambiguous or irrelevant questions produce useless data. Evaluation instruments should be clear, specific, measurable, and aligned with the Board's fiduciary responsibilities so that they serve as a solid foundation for the improvement process.



### “What if sensitive information is leaked?”

If sensitive information from the Board evaluation is made public, the damage to trust and relationships can be significant, so the response must be immediate and structured. First, **the communication crisis protocol must be activated** to contain the reputational impact, while simultaneously **initiating a forensic investigation to identify the origin of the leak.** In parallel, a thorough review of confidentiality protocols should be carried out and, if appropriate, legal action against the responsible party should be considered. Finally, redesigning the process with additional safeguards is key to restoring credibility and preventing future incidents.



### “What if a critical event occurs shortly after completing an evaluation?”

When a transformational event (change of CEO, merger, crisis) arises in quick succession with an evaluation, there is no need to repeat the entire process. The appropriate strategy is to conduct a 2–3-week supplemental evaluation that specifically focuses on the Board's ability to face the new challenge, using the recent evaluation as a baseline. This targeted evaluation should focus only on competencies needed in response to the event (M&A expertise, crisis management), consider temporary external expertise while internal capabilities are developed, and be documented as an addendum to the main evaluation. This avoids evaluation fatigue, preserves the continuity of the regular cycle, and ensures immediate readiness without invalidating the recent work.



### Resistance to organizational change:

Resistance can materialize on multiple levels:

- **Senior leadership:** may perceive evaluation as a questioning of their authority or competence
- **Veteran directors:** may feel that their experience exempts them from evaluation
- **Family Boards:** may fear that the evaluation will generate personal conflicts that go beyond professional responsibilities

## 6. ANNEXES AND RESOURCES


### Annex I: Evaluation results dashboard with year-to-year comparison


#### BOARD EVALUATION DASHBOARD [YEAR]


##### KEY INDICATORS:

- Participation: [X]%
- Average score: [X.X]/5
- Areas requiring attention (<3): [list]
- Improvements implemented: [X]/%

##### EVOLUTION OVER TIME:

Year 1:  3.2

Year 2:  3.8

Year 3:  4.1

##### AREAS EVALUATED:

###### Strategy:



###### Oversight:



###### Composition:



###### Dynamics:



###### Processes:



#### POST-EVALUATION IMPROVEMENT PLAN [Repeat for each finding]

##### Finding #1: [Description]

- Impact: [High/Medium/Low]
- Action: [Specific and measurable]
- Lead: [Name/Position]
- Deadline: [MM/DD/YYYY]
- Resources: [Budget/Support]
- Success KPI: [Specific metric]
- Status: [Not started/In progress/Completed]

##### Quarterly monitoring:

Q1:  Completed  In progress  Delayed

Q2:  Completed  In progress  Delayed

Q3:  Completed  In progress  Delayed

Q4:  Completed  In progress  Delayed

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