



# **Sample Company**

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**BOARD GOVERNANCE REPORT**

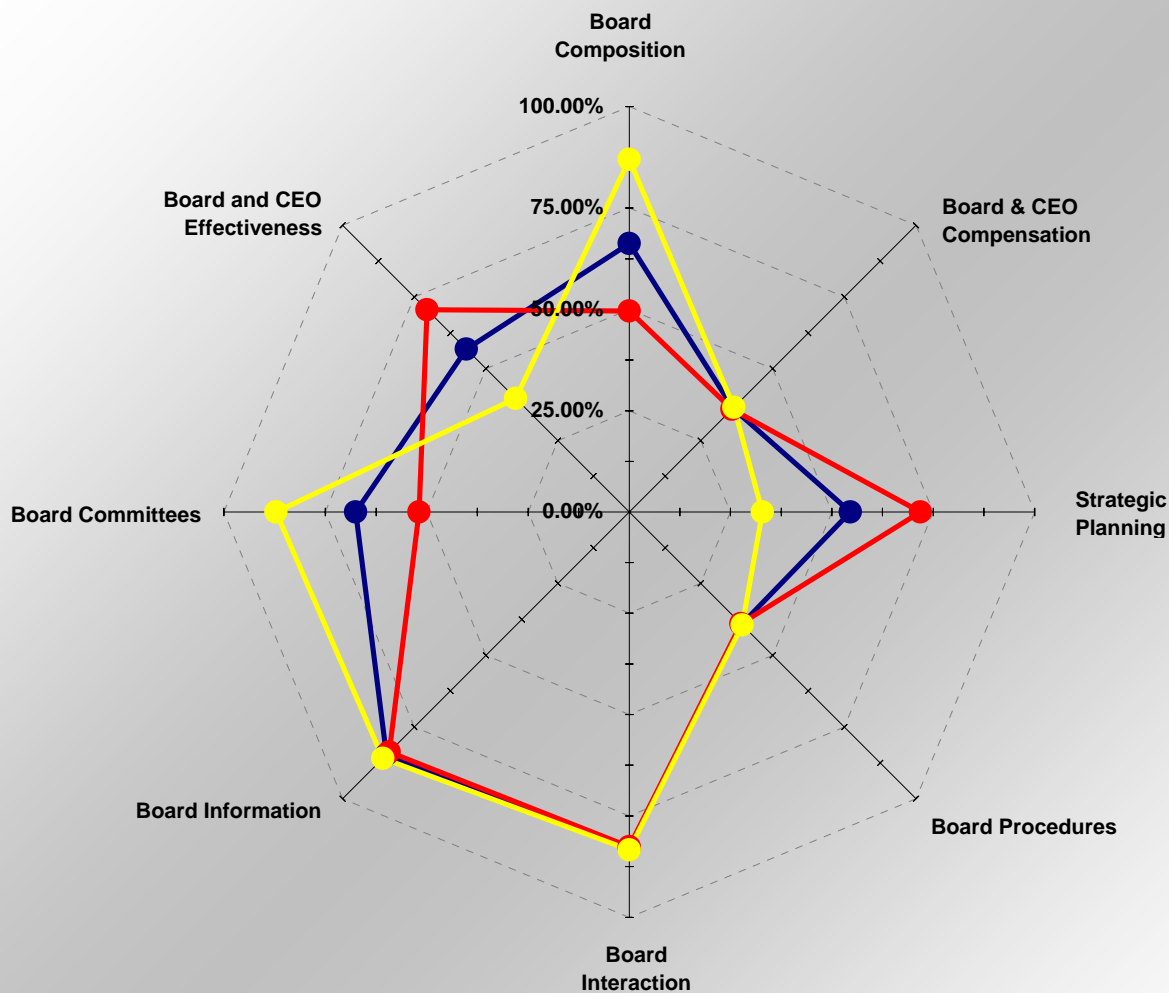
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# EXECUTIVE SUMMARY

## Board Member Comparison

This page compares performance ratings for each of the 8 Board categories. Performance ratings are first displayed in aggregate and then separately for the Inside and Outside Board Member groups. Means scores are listed under "Perf."



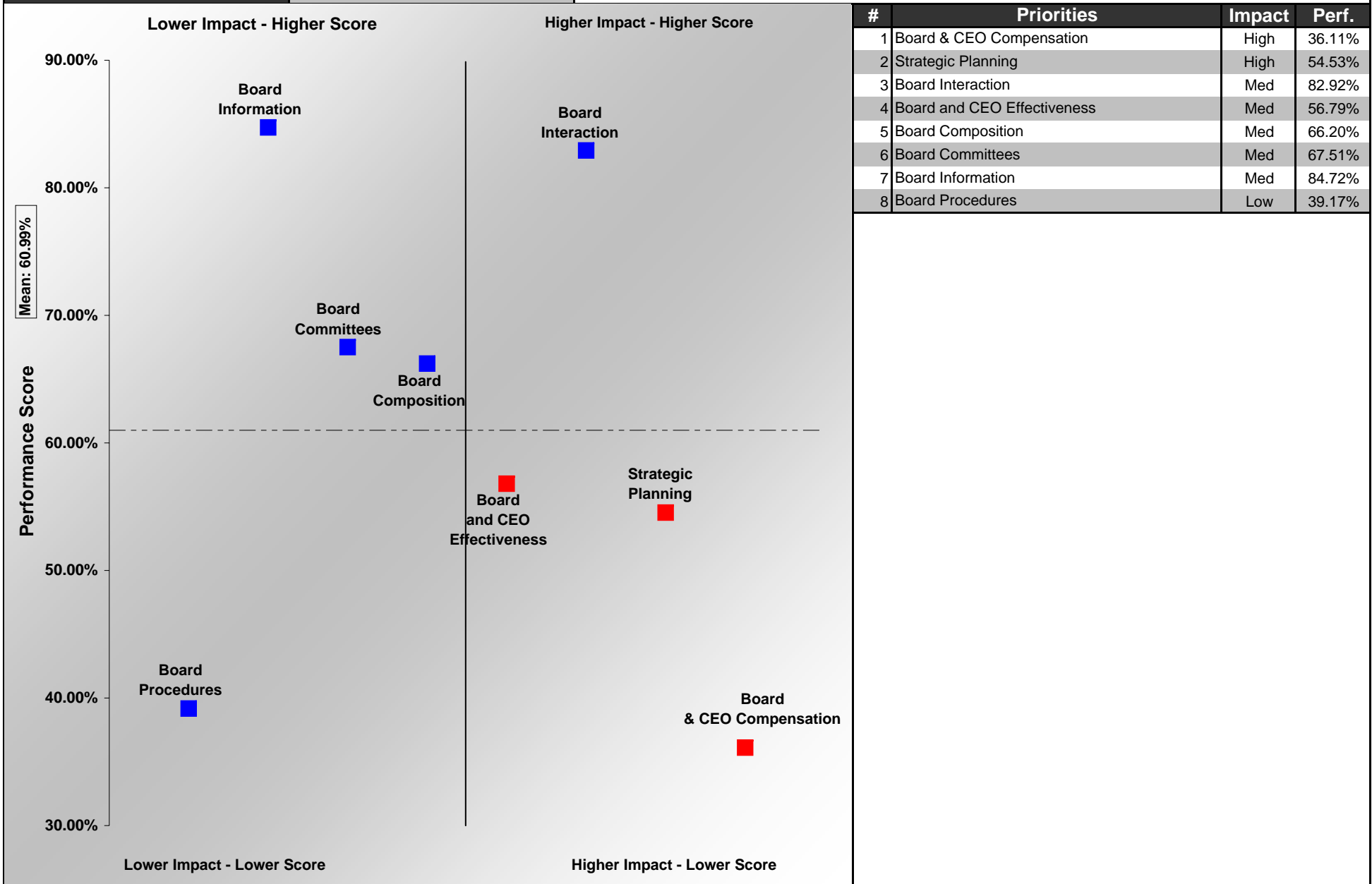
● All Board Members: 9  
● Inside Directors: 5  
● Outside Directors: 4

#	All Board Members	Impact	Perf.
1	Board & CEO Compensation	High	36.11%
2	Strategic Planning	High	54.53%
3	Board Interaction	Med	82.92%
4	Board and CEO Effectiveness	Med	56.79%
5	Board Composition	Med	66.20%
6	Board Committees	Med	67.51%
7	Board Information	Med	84.72%
8	Board Procedures	Low	39.17%
#	Inside Directors	Impact	Perf.
1	Board and CEO Effectiveness	High	70.56%
2	Strategic Planning	High	71.85%
3	Board & CEO Compensation	High	35.83%
4	Board Committees	Med	51.82%
5	Board Composition	Med	49.58%
6	Board Interaction	Med	82.59%
7	Board Procedures	Low	38.97%
8	Board Information	Low	83.75%
#	Outside Directors	Impact	Perf.
1	Board & CEO Compensation	High	36.46%
2	Board Interaction	High	83.33%
3	Strategic Planning	High	32.87%
4	Board Information	Med	85.94%
5	Board Composition	Med	86.98%
6	Board and CEO Effectiveness	Med	39.58%
7	Board Committees	Low	87.12%
8	Board Procedures	Low	39.42%

# EXECUTIVE SUMMARY

## Degree of Impact All Board Members

This page plots the 8 Categories of Board Effectiveness as perceived by **All Board Members**. The vertical axis represents the low to high performance mean scores. The horizontal axis represents the order of priority, with the highest priority to the right. The Priorities table reflects the 8 Categories in order of weighted priority, as determined by the group. The performance mean score ("Perf") is also listed for each Category.



# Board Effectiveness

## Detail Results

This page shows the distribution of responses for each statement. The distribution information is presented for All Board Members and then for Inside and Outside Directors respectively.

Board Composition		FREQUENCY OF RESPONSE							Pos. Score	Mean Score	Std. Dev.		Mean Score	Std. Dev.
		DK	1	2	3	4	5	6						
1. We have identified the necessary skills and knowledge we must have on the Board.	All Board Members	0%	11%	11%	22%	22%	11%	22%	33%	62.96%	28.60	All Board Members	66.20%	25.48
	Inside Directors	0%	20%	20%	40%	20%	0%	0%	0%	43.33%	19.00	Inside Directors	49.58%	21.18
	Outside Directors	0%	0%	0%	0%	25%	25%	50%	75%	87.50%	15.96	Outside Directors	86.98%	10.99
2. The Board currently has the appropriate mix of skills and experience.	All Board Members	0%	0%	22%	11%	11%	33%	22%	56%	70.37%	26.06	<b>DK = Don't Know/Not Applicable</b> <b>1 = Strongly Disagree</b> <b>2 = Disagree</b> <b>3 = Somewhat Disagree</b> <b>4 = Somewhat Agree</b> <b>5 = Agree</b> <b>6 = Strongly Agree</b>		
	Inside Directors	0%	0%	40%	20%	20%	20%	0%	20%	53.33%	21.73			
	Outside Directors	0%	0%	0%	0%	0%	50%	50%	100%	91.67%	9.62			
3. The Board currently has the appropriate mix of inside and outside directors.	All Board Members	0%	0%	0%	44%	0%	33%	22%	56%	72.22%	22.05			
	Inside Directors	0%	0%	0%	80%	0%	0%	20%	20%	60.00%	22.36			
	Outside Directors	0%	0%	0%	0%	0%	75%	25%	100%	87.50%	8.34			
4. When selecting new members, we recruit the most talented individuals who possess necessary skills and experience we need.	All Board Members	0%	0%	44%	0%	11%	44%	0%	44%	59.26%	25.15			
	Inside Directors	0%	0%	80%	0%	0%	20%	0%	20%	43.33%	22.36			
	Outside Directors	0%	0%	0%	0%	25%	75%	0%	75%	79.17%	8.33			
5. The Board has determined clear policies and criteria for selecting new members.	All Board Members	0%	11%	11%	22%	11%	44%	0%	44%	61.11%	25.00			
	Inside Directors	0%	20%	20%	40%	20%	0%	0%	0%	43.33%	19.00			
	Outside Directors	0%	0%	0%	0%	0%	100%	0%	100%	83.33%	0.00			
6. I am satisfied with the process we use for nominating new directors.	All Board Members	0%	11%	11%	22%	0%	33%	22%	56%	66.67%	30.05			
	Inside Directors	0%	20%	20%	40%	0%	20%	0%	20%	46.67%	24.72			
	Outside Directors	0%	0%	0%	0%	0%	50%	50%	100%	91.67%	9.62			
7. Our current Board is made up of qualified members.	All Board Members	0%	0%	11%	22%	22%	11%	33%	44%	72.22%	25.00			
	Inside Directors	0%	0%	20%	40%	20%	0%	20%	20%	60.00%	25.28			
	Outside Directors	0%	0%	0%	0%	25%	25%	50%	75%	87.50%	15.96			
8. We are able to reach consensus when nominating new directors.	All Board Members	0%	0%	33%	11%	11%	22%	22%	44%	64.81%	28.19			
	Inside Directors	0%	0%	60%	20%	0%	20%	0%	20%	46.67%	21.73			
	Outside Directors	0%	0%	0%	0%	25%	25%	50%	75%	87.50%	15.96			
Board & CEO Compensation		FREQUENCY OF RESPONSE							Pos. Score	Mean Score	Std. Dev.		Mean Score	Std. Dev.
		DK	1	2	3	4	5	6						
9. Our Board compensation is fair.	All Board Members	0%	22%	22%	33%	22%	0%	0%	0%	42.59%	18.84	All Board Members	36.11%	14.64
	Inside Directors	0%	20%	20%	40%	20%	0%	0%	0%	43.33%	19.00	Inside Directors	35.83%	16.47
	Outside Directors	0%	25%	25%	25%	25%	0%	0%	0%	41.67%	21.52	Outside Directors	36.46%	12.50
10. Our CEO's current compensation package is fair and competitive.	All Board Members	0%	11%	44%	33%	11%	0%	0%	0%	40.74%	14.70			
	Inside Directors	0%	20%	40%	20%	20%	0%	0%	0%	40.00%	19.00			
	Outside Directors	0%	0%	50%	50%	0%	0%	0%	0%	41.67%	9.62			
11. Our CEO's compensation is tied to the performance of the organization as it relates to our strategic plan.	All Board Members	0%	22%	56%	22%	0%	0%	0%	0%	33.33%	11.78			
	Inside Directors	0%	40%	20%	40%	0%	0%	0%	0%	33.33%	16.67			
	Outside Directors	0%	0%	100%	0%	0%	0%	0%	0%	33.33%	0.00			
12. The board is compensated with the appropriate amount of non-cash compensation (stock or options).	All Board Members	0%	33%	67%	0%	0%	0%	0%	0%	27.78%	8.33			
	Inside Directors	0%	40%	60%	0%	0%	0%	0%	0%	26.67%	9.12			
	Outside Directors	0%	25%	75%	0%	0%	0%	0%	0%	29.17%	8.33			

# Board Effectiveness

## Detail Results

This page shows the distribution of responses for each statement. The distribution information is presented for All Board Members and then for Inside and Outside Directors respectively.

Strategic Planning		FREQUENCY OF RESPONSE							Pos. Score	Mean Score	Std. Dev.		Mean Score	Std. Dev.
		DK	1	2	3	4	5	6						
13. The CEO has a strategic plan that has been approved by the Board.	All Board Members	0%	11%	11%	33%	11%	33%	0%	33%	57.41%	23.73	All Board Members	54.53%	27.00
	Inside Directors	0%	0%	0%	20%	20%	60%	0%	60%	73.33%	14.91	Inside Directors	71.85%	22.42
	Outside Directors	0%	25%	25%	50%	0%	0%	0%	0%	37.50%	15.96	Outside Directors	32.87%	12.90
14. The Board has a clear understanding of our market and the people that we service.	All Board Members	0%	22%	33%	0%	11%	22%	11%	33%	51.85%	31.67	<b>DK = Don't Know/Not Applicable</b> <b>1 = Strongly Disagree</b> <b>2 = Disagree</b> <b>3 = Somewhat Disagree</b> <b>4 = Somewhat Agree</b> <b>5 = Agree</b> <b>6 = Strongly Agree</b>		
	Inside Directors	0%	0%	20%	0%	20%	40%	20%	60%	73.33%	25.28			
	Outside Directors	0%	50%	50%	0%	0%	0%	0%	0%	25.00%	9.62			
15. The CEO has a strategic vision of how the organization should be evolving over the next three to five years.	All Board Members	0%	22%	11%	22%	0%	22%	22%	44%	59.26%	33.45			
	Inside Directors	0%	20%	0%	0%	0%	40%	40%	80%	76.67%	34.56			
	Outside Directors	0%	25%	25%	50%	0%	0%	0%	0%	37.50%	15.96			
16. The Board engages in strategic planning discussions with the CEO.	All Board Members	0%	22%	22%	0%	22%	11%	22%	33%	57.41%	33.45			
	Inside Directors	0%	0%	20%	0%	20%	20%	40%	60%	76.67%	27.89			
	Outside Directors	0%	50%	25%	0%	25%	0%	0%	0%	33.33%	23.57			
17. The Board has a process for tracking the progress of the strategic plan.	All Board Members	0%	11%	22%	22%	11%	33%	0%	33%	55.56%	25.00			
	Inside Directors	0%	0%	0%	20%	20%	60%	0%	60%	73.33%	14.91			
	Outside Directors	0%	25%	50%	25%	0%	0%	0%	0%	33.33%	13.61			
18. The CEO utilizes Board members' skills and experience in crafting the strategic plan.	All Board Members	0%	11%	44%	0%	0%	33%	11%	44%	55.56%	31.18			
	Inside Directors	0%	0%	20%	0%	0%	60%	20%	80%	76.67%	25.28			
	Outside Directors	0%	25%	75%	0%	0%	0%	0%	0%	29.17%	8.33			
19. The CEO regularly updates Board members on progress of the strategic plan.	All Board Members	0%	11%	44%	0%	22%	22%	0%	22%	50.00%	25.00			
	Inside Directors	0%	20%	0%	0%	40%	40%	0%	40%	63.33%	27.38			
	Outside Directors	0%	0%	100%	0%	0%	0%	0%	0%	33.33%	0.00			
20. The Board devotes an appropriate amount of time discussing strategy at board meetings.	All Board Members	0%	22%	22%	11%	22%	22%	0%	22%	50.00%	26.35			
	Inside Directors	0%	0%	20%	0%	40%	40%	0%	40%	66.67%	20.41			
	Outside Directors	0%	50%	25%	25%	0%	0%	0%	0%	29.17%	15.96			
21. The organization is achieving its strategic goals.	All Board Members	0%	0%	44%	11%	22%	22%	0%	22%	53.70%	21.70			
	Inside Directors	0%	0%	20%	0%	40%	40%	0%	40%	66.67%	20.41			
	Outside Directors	0%	0%	75%	25%	0%	0%	0%	0%	37.50%	8.34			
Board Procedures		FREQUENCY OF RESPONSE							Pos. Score	Mean Score	Std. Dev.		Mean Score	Std. Dev.
		DK	1	2	3	4	5	6						
22. Board members meet no less than 4 times per year.	All Board Members	0%	22%	22%	33%	22%	0%	0%	0%	42.59%	18.84	All Board Members	39.17%	16.13
	Inside Directors	0%	20%	20%	40%	20%	0%	0%	0%	43.33%	19.00	Inside Directors	38.97%	13.27
	Outside Directors	0%	25%	25%	25%	25%	0%	0%	0%	41.67%	21.52	Outside Directors	39.42%	19.25
23. The Board has effectively established its own goals and objectives.	All Board Members	0%	11%	56%	33%	0%	0%	0%	0%	37.04%	11.11			
	Inside Directors	0%	20%	60%	20%	0%	0%	0%	0%	33.33%	11.78			
	Outside Directors	0%	0%	50%	50%	0%	0%	0%	0%	41.67%	9.62			
24. The Board has effectively established the CEO's goals and objectives.	All Board Members	0%	33%	22%	33%	11%	0%	0%	0%	37.04%	18.21			
	Inside Directors	0%	40%	0%	60%	0%	0%	0%	0%	36.67%	18.26			
	Outside Directors	0%	25%	50%	0%	25%	0%	0%	0%	37.50%	20.97			

# Board Effectiveness

## Detail Results

This page shows the distribution of responses for each statement. The distribution information is presented for All Board Members and then for Inside and Outside Directors respectively.

Board Interaction (cont.)		FREQUENCY OF RESPONSE							Pos. Score	Mean Score	Std. Dev.		Mean Score	Std. Dev.
		DK	1	2	3	4	5	6						
37. Board members respect differing opinions of others.	All Board Members	0%	0%	0%	0%	11%	44%	44%	89%	88.89%	11.79	All Board Members	82.92%	13.94
	Inside Directors	0%	0%	0%	0%	20%	40%	40%	80%	86.67%	13.94	Inside Directors	82.59%	13.27
	Outside Directors	0%	0%	0%	0%	0%	50%	50%	100%	91.67%	9.62	Outside Directors	83.33%	14.91
38. Board members in the minority support the majority decision when consensus is not achieved.	All Board Members	0%	0%	0%	11%	44%	22%	22%	44%	75.93%	16.90	<b>DK = Don't Know/Not Applicable</b> <b>1 = Strongly Disagree</b> <b>2 = Disagree</b> <b>3 = Somewhat Disagree</b> <b>4 = Somewhat Agree</b> <b>5 = Agree</b> <b>6 = Strongly Agree</b>		
	Inside Directors	0%	0%	0%	0%	60%	0%	40%	40%	80.00%	18.26			
	Outside Directors	0%	0%	0%	25%	25%	50%	0%	50%	70.83%	15.96			
39. Board members participate fully in decision-making.	All Board Members	0%	0%	0%	0%	33%	44%	22%	67%	81.48%	13.03			
	Inside Directors	0%	0%	0%	0%	20%	60%	20%	80%	83.33%	11.78			
	Outside Directors	0%	0%	0%	0%	50%	25%	25%	50%	79.17%	15.96			
40. We are careful to ensure that some Board members do not dominate meetings more than others.	All Board Members	0%	0%	0%	0%	11%	78%	11%	89%	83.33%	8.33			
	Inside Directors	0%	0%	0%	0%	20%	80%	0%	80%	80.00%	7.45			
	Outside Directors	0%	0%	0%	0%	0%	75%	25%	100%	87.50%	8.34			
41. Board members regularly call on each other to discuss issues outside of Board and committee meetings.	All Board Members	0%	0%	0%	0%	44%	33%	22%	56%	79.63%	13.89			
	Inside Directors	0%	0%	0%	0%	40%	40%	20%	60%	80.00%	13.94			
	Outside Directors	0%	0%	0%	0%	50%	25%	25%	50%	79.17%	15.96			
42. Board members resolve conflict with trust and respect.	All Board Members	0%	0%	0%	11%	11%	56%	22%	78%	81.48%	15.47			
	Inside Directors	0%	0%	0%	20%	20%	40%	20%	60%	76.67%	19.00			
	Outside Directors	0%	0%	0%	0%	0%	75%	25%	100%	87.50%	8.34			
43. Our Board members have an excellent attendance record for Board meetings.	All Board Members	0%	0%	0%	11%	33%	22%	33%	56%	79.63%	18.21			
	Inside Directors	0%	0%	0%	0%	20%	40%	40%	80%	86.67%	13.94			
	Outside Directors	0%	0%	0%	25%	50%	0%	25%	25%	70.83%	20.97			
Board Information		FREQUENCY OF RESPONSE							Pos. Score	Mean Score	Std. Dev.		Mean Score	Std. Dev.
		DK	1	2	3	4	5	6						
44. The amount of information Board members receive for Board meetings is manageable.	All Board Members	0%	0%	0%	0%	11%	78%	11%	89%	83.33%	8.33	All Board Members	84.72%	13.05
	Inside Directors	0%	0%	0%	0%	20%	60%	20%	80%	83.33%	11.78	Inside Directors	83.75%	12.22
	Outside Directors	0%	0%	0%	0%	0%	100%	0%	100%	83.33%	0.00	Outside Directors	85.94%	14.11
45. The quality of Board information materials is good.	All Board Members	0%	0%	0%	0%	33%	33%	33%	67%	83.33%	14.43			
	Inside Directors	0%	0%	0%	0%	60%	20%	20%	40%	76.67%	14.91			
	Outside Directors	0%	0%	0%	0%	0%	50%	50%	100%	91.67%	9.62			
46. Information and reports from committees are received in ample time for adequate preparation for Board meetings.	All Board Members	0%	0%	0%	0%	22%	44%	33%	78%	85.19%	13.03			
	Inside Directors	0%	0%	0%	0%	20%	60%	20%	80%	83.33%	11.78			
	Outside Directors	0%	0%	0%	0%	25%	25%	50%	75%	87.50%	15.96			
47. Information and reports from management are received in ample time for adequate preparation for Board meetings.	All Board Members	0%	0%	0%	0%	44%	44%	11%	56%	77.78%	11.78			
	Inside Directors	0%	0%	0%	0%	40%	60%	0%	60%	76.67%	9.12			
	Outside Directors	0%	0%	0%	0%	50%	25%	25%	50%	79.17%	15.96			
48. The Board is updated regularly by the executive team at meetings.	All Board Members	0%	0%	0%	0%	0%	56%	44%	100%	90.74%	8.79			
	Inside Directors	0%	0%	0%	0%	0%	20%	80%	100%	96.67%	7.46			
	Outside Directors	0%	0%	0%	0%	0%	100%	0%	100%	83.33%	0.00			

# Board Effectiveness

## Detail Results

This page shows the distribution of responses for each statement. The distribution information is presented for All Board Members and then for Inside and Outside Directors respectively.

Board Information (cont.)		FREQUENCY OF RESPONSE							Pos. Score	Mean Score	Std. Dev.		Mean Score	Std. Dev.
		DK	1	2	3	4	5	6						
49. The Board seeks outside expert advice when necessary.	All Board Members	0%	0%	0%	0%	0%	67%	33%	100%	88.89%	8.33	All Board Members	84.72%	13.05
	Inside Directors	0%	0%	0%	0%	0%	80%	20%	100%	86.67%	7.46	Inside Directors	83.75%	12.22
	Outside Directors	0%	0%	0%	0%	0%	50%	50%	100%	91.67%	9.62	Outside Directors	85.94%	14.11
50. The executive team can be counted on to provide useful information to help the Board carry out its duties.	All Board Members	0%	0%	0%	0%	22%	22%	56%	78%	88.89%	14.43			
	Inside Directors	0%	0%	0%	0%	40%	20%	40%	60%	83.33%	16.67			
	Outside Directors	0%	0%	0%	0%	0%	25%	75%	100%	95.83%	8.34			
51. Our Board members take the time to prepare for meetings.	All Board Members	0%	0%	11%	0%	11%	56%	22%	78%	79.63%	20.03			
	Inside Directors	0%	0%	0%	0%	20%	60%	20%	80%	83.33%	11.78			
	Outside Directors	0%	0%	25%	0%	0%	50%	25%	75%	75.00%	28.87			
Board Committees		FREQUENCY OF RESPONSE							Pos. Score	Mean Score	Std. Dev.		Mean Score	Std. Dev.
		DK	1	2	3	4	5	6						
52. We have established an Audit committee with a charter.	All Board Members	0%	0%	22%	11%	11%	44%	11%	56%	68.52%	24.22	All Board Members	67.51%	24.67
	Inside Directors	0%	0%	40%	20%	20%	20%	0%	20%	53.33%	21.73	Inside Directors	51.82%	19.42
	Outside Directors	0%	0%	0%	0%	0%	75%	25%	100%	87.50%	8.34	Outside Directors	87.12%	14.32
53. We have established a Compensation committee with a clear charter.	All Board Members	0%	0%	11%	33%	11%	44%	0%	44%	64.81%	19.44	<b>DK = Don't Know/Not Applicable</b> <b>1 = Strongly Disagree</b> <b>2 = Disagree</b> <b>3 = Somewhat Disagree</b> <b>4 = Somewhat Agree</b> <b>5 = Agree</b> <b>6 = Strongly Agree</b>		
	Inside Directors	0%	0%	20%	60%	20%	0%	0%	0%	50.00%	11.79			
	Outside Directors	0%	0%	0%	0%	0%	100%	0%	100%	83.33%	0.00			
54. We have established a Governance & Nominating committee with a clear charter.	All Board Members	0%	0%	11%	33%	0%	33%	22%	56%	70.37%	24.69			
	Inside Directors	0%	0%	20%	60%	0%	20%	0%	20%	53.33%	18.26			
	Outside Directors	0%	0%	0%	0%	0%	50%	50%	100%	91.67%	9.62			
55. We have established a Strategy committee with a clear charter.	All Board Members	0%	0%	0%	56%	22%	0%	22%	22%	64.81%	21.16			
	Inside Directors	0%	0%	0%	60%	40%	0%	0%	0%	56.67%	9.13			
	Outside Directors	0%	0%	0%	50%	0%	0%	50%	50%	75.00%	28.87			
56. Our Audit committee is effective.	All Board Members	0%	0%	11%	22%	22%	0%	44%	44%	74.07%	26.50			
	Inside Directors	0%	0%	20%	40%	40%	0%	0%	0%	53.33%	13.95			
	Outside Directors	0%	0%	0%	0%	0%	0%	100%	100%	100.00%	0.00			
57. Our Compensation committee is effective.	All Board Members	0%	11%	11%	11%	11%	33%	22%	56%	68.52%	29.40			
	Inside Directors	0%	20%	20%	20%	20%	20%	0%	20%	50.00%	26.35			
	Outside Directors	0%	0%	0%	0%	0%	50%	50%	100%	91.67%	9.62			
58. Our Governance & Nominating committee is effective.	All Board Members	0%	0%	22%	11%	11%	44%	11%	56%	68.52%	24.22			
	Inside Directors	0%	0%	40%	20%	20%	0%	20%	20%	56.67%	27.89			
	Outside Directors	0%	0%	0%	0%	0%	100%	0%	100%	83.33%	0.00			
59. Our Strategy committee is effective.	All Board Members	0%	0%	33%	22%	0%	44%	0%	44%	59.26%	23.73			
	Inside Directors	0%	0%	60%	0%	0%	40%	0%	40%	53.33%	27.39			
	Outside Directors	0%	0%	0%	50%	0%	50%	0%	50%	66.67%	19.24			
60. Committee reports are frequently considered when making important Board decisions.	All Board Members	0%	11%	11%	22%	0%	44%	11%	56%	64.81%	28.19			
	Inside Directors	0%	20%	20%	40%	0%	20%	0%	20%	46.67%	24.72			
	Outside Directors	0%	0%	0%	0%	0%	75%	25%	100%	87.50%	8.34			



## Outside Directors - Comments.

### **1. As you look back over the past year on the Board, what successes stand out most?**

Our decisions regarding acquisitions have been thorough and generally successful.

I think we have done a very good job at selecting talented individuals for key senior management positions.

### **2. What specific goals would you like to see the CEO pursue this year?**

We need to ensure a more active role of the Board in the strategic planning of the company.

We all need to take a bigger role in determining the strategy for this organization over the next 3 to 5 years.

### **3. Use this space to enter any other comments you'd like to make about the Board.**

I have a lot of respect for the degree of skills and experiences of our Board Members.

I'd like to see some younger members on the Board when we think about replacing departing Board Members.