

| Principle | Potential Lower Level Definitions | Potential Criteria for Judging Consistency of materials | Potential Criteria for Judging Consistency of board behaviors |
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| <p>10. Monitoring:</p> <p>The board must monitor organizational performance against previously stated Ends policies and Executive Limitations policies. Monitoring is for the purpose of discovering if the organization achieved a reasonable interpretation of these board policies. The board must therefore judge the CEO's interpretation for its reasonableness, and the data demonstrating the accomplishment of the interpretation. The ongoing monitoring of board's Ends and Executive Limitations policies constitutes the CEO's performance evaluation.</p> | <p>This includes at least:</p> <ol style="list-style-type: none"> 1. Monitoring requires two acceptable things; a reasonable interpretation and data showing evidence that the interpretation is being met. <ol style="list-style-type: none"> a. Since data points to interpretation, interpretation must be found reasonable first. 2. Monitoring is simply comparing data against a reasonable interpretation of the criteria stated in the policy. <ol style="list-style-type: none"> a. CEO can use any reasonable interpretation <ul style="list-style-type: none"> • CEO's interpretation is the first step no matter what method of monitoring is used. b. Information provided must be relevant and sufficient. c. Extraneous information is to be avoided and/or ignored. 3. Board controls monitoring process, generally avoiding surprises by using a schedule that details expectations of the process <ol style="list-style-type: none"> a. Board selects from three different forms of monitoring (internal, external and direct), b. Board selects frequency of monitoring for each policy delegated, c. Board selects date at which it requires report to be provided, (or the date is set by the CGO if the board has not done so), and d. Board can require monitoring outside of the schedule as is agreed to by the board as a whole | <p>This implies that the following should be observed:</p> <p>When describing monitoring it should always indicate the two requirements for success (a reasonable interpretation and data showing accomplishment of it) and nothing else.</p> <p>It should not suggest looking at or worrying about data or metrics prior to judging interpretation.</p> <p>Any forms or processes should conform.</p> <p>CEO interpretation is starting point for monitoring, can be changed at any time.</p> <p>Monitoring process must start with CEO interpretation.</p> <p>Extraneous data or criteria are not included as valid or informing the board's assessment.</p> <p>Board should be deliberate and proactive in its monitoring, not reactive.</p> <p>No description of monitoring or proposed process for conducting it conflicts with these definitions.</p> | <p>This implies that the following should be observed:</p> <p>Does the board appropriately assess the report;</p> <ul style="list-style-type: none"> • Interpretation judged reasonable • Data evidences interpretation • Only relevant criteria and data considered • Process is recorded as board act <p>Has the board developed and does it follow a schedule of monitoring designed to fulfill its accountability to owners?</p> <p>Does the board insist on and only assess relevant information concerning both interpretation and data to evidence it?</p> <p>Does the board insist on the standard of finding interpretation reasonable and data sufficient</p> |

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| <p>10. Monitoring cont'd</p> | <p>4. Monitoring gives the Board the confidence that it is assured of owner accountable performance.</p> <p>5. The definition and process of monitoring are consistent with this principle and these lower level definitions.</p> <p>6. New issues that arise which are outside of the existing system are undefined criteria and not relevant to monitoring.</p> <p>7. Because Ends are statements of the organizational purpose to be achieved, the link of the Ends interpretation to organizational implementation must be clear.</p> | <p>Any "off schedule" monitoring should be clearly a decision of the full board, not a single member or subset of the board.</p> <p>References to any monitoring criteria or data outside of those found in the policies are noted as not meeting standards of monitoring.</p> <p>Any method of "overseeing" management should include any reasonable interpretation, data, and a comparison of actual against expected based on the any reasonable interpretation.</p> <p>If the board becomes aware of information that would cause a change in criteria or if they discover that a reasonable interpretation of the policy as written is unacceptable they do not hold the CEO accountable for it, they develop policy to shift the criteria.</p> | <p>Does the board require that monitoring begin with a reasonable interpretation regardless of the method?</p> <p>Does the board take appropriate and official action for non-compliance (e.g. setting a deadline for compliance)?</p> <p>Does the board change its monitoring schedule by a vote of the board? Is such a vote incorporated into the policy?</p> <p>Does the board provide communication to the owners it represents as to acceptable performance within acceptable parameters of operational means</p> <p>No judgment by the board or a member of it lies outside of the monitoring process and never focuses on any position but the CEO's.</p> <p>When the board discovers the potential need for new criteria does it have a mechanism to address it in policy development? If so, does it actually use that mechanism?</p> |

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| 10. Monitoring cont'd | | <p>The monitoring process in general is described as including the following steps:</p> <ol style="list-style-type: none"> 1. The board becomes aware of or ascertains desired criteria. 2. The board develops policy defining the criteria. 3. The monitoring is conducted against the defined criteria. 4. The board requires both a reasonable interpretation and actual data showing that the reasonable interpretation is accomplished. 5. In cases where there is not a reasonable interpretation or where the data does not show accomplishment of the board assigns a deadline | <p>Does it maintain the discipline of only holding the CEO accountable for criteria as stated to date in the board's official policy, disallowing any judgment on things not stated?</p> <p>Is the board's process for assessing the CEO's performance of a reasonable interpretation of Ends being conducted in an appropriate manner and timeframe?</p> |