

# Board Operation and Effectiveness

There is currently an increased demand for integrity-driven performance and improved corporate transparency. Management and Boards should ensure that proper governance processes are in place to protect corporate reputations, brand images and shareholder value.

According to PwC's 10th Annual Global CEO Survey, there is a strong relationship between all elements of governance, risk and compliance. Effective governance is important in risk management and compliance processes.

## The Board's Roles and Responsibilities

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All members of the Board should understand what their authority, roles and responsibilities are. Members of the Board should also have a profound knowledge of the organisation's operational environment and regulation.

The roles and responsibilities delegated to Board committees should be clear.

Board members should make decisions objectively, feel collectively responsible and work together in the best interest of the company.

Board members should devote sufficient time to their responsibilities.

### An Effective Board

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The Board should have clear objectives and monitor its performance, focus on the correct areas and fully discuss all main issues before making decisions.

The Chairman must lead the Board effectively, and the Board should provide a challenging yet supportive environment for the executive directors.


Board meeting schedules should be suitable for the needs of the business at hand and the Board should receive appropriate papers in a timely manner.

The Board must evaluate how its key decisions have turned out and how the decision-making process can be strengthened for the future. There should also be a thorough boardroom appraisal process with a follow-up action plan.

### Evaluation

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In Instructions for Good Corporate Governance, it is stated that the Board should regularly evaluate its work procedures and results, as well as the organisation's development, with the assistance of outside expertise and consultants where appropriate. Such evaluations enable the Board to better assess its strengths and weaknesses and improve its work procedures.



What is the scope of the Board's roles and responsibilities?

Is there sufficient reporting between Board members and management?

Is the Board performing to its highest potential and safeguarding the shareholders' interests?

# Our experience

## Frequency and Management of Meetings

We believe that the frequency, purpose, conduct and duration of meetings should be a matter of policy and that the agenda should be presented to Board members in advance. Meetings should be:

- Effective
- Consistent with the meeting's agenda
- Tough issues put first
- Concise and well prepared meeting material
- Balance between the introduction and discussion of issues
- Cushion allowing additional time to conclude discussion of major issues
- More attention given to the future than the past
- Impetus for active exchange of opinions

## The Board's Work Procedures

The Board must draw up written work procedures in which its roles and responsibilities are precisely defined. The Board's roles and responsibilities should be distinguished from those of the management and stipulations must be made regarding the organisation's internal control and risk management.

## Board Committees

Board committees can improve the Board's operation and effectiveness in several areas for which it has responsibility. Board committees include, for example, the Audit Committee and the Remuneration Committee. It is important that the committees have clear working procedures and rules, and that they consist of qualified individuals chosen from inside or outside the Board.

## What PwC can do for you

PricewaterhouseCoopers has extensive experience of advising organisations about good corporate governance. We can advise you on evaluating the performance of the Board and assist you in designing Board work procedures. We can also advise you regarding the best choice of individuals for Board committees, and set specific Board committee work procedures.

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