

# Board Structure and Composition

It is very important that the Board's structure and composition is carefully considered if it is to fulfil its role and live up to shareholders' expectations.

To get the best results possible, it is important to choose from a group of diverse and experienced individuals who are not involved in the management of the organisation.

PwC strongly recommends that new Board members are well informed and trained before taking their seat on the Board.

## The Board composition

### Board composition

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The Board should be of the correct size and have the best mix of skills to ensure its optimum effectiveness.

There should be a clear distinction between the roles of the Chairman and the CEO.

It is advisable that the majority of the Board is independent of the organisation.

There should be a formal and transparent nomination process for Board committees. Board committees should fulfil their assigned roles and report to the Board.

Board members should demonstrate good judgement, credibility, strategic thinking, industry knowledge, intuition, communication skills and decision making ability.

### Training of new Board members

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New Board members should receive proper induction on appointment and ongoing training to enable them to meet development needs.

It is advisable that Board members receive regular training.

Board members should be individually subject to a regular performance evaluations that measures their contribution and commitment.

### Independence

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It is advisable that majority of the Board is independent of the organisation and that at least two Board members out of five are independent of the main shareholders.

Board members should have access to independent advisors.

The Board should itself determine whether a Board member is independent of the organisation.



Is there a clear distinction between the Board and the management?

Do new Board members receive appropriate introduction and training?

Is a majority of the Board independent and objective?

What do main stakeholders and other interested parties think of the Board and its work?

# Our experience

## Effective governance

The aim of PwC's evaluation plan is to create an effective Board. The Board, as well as the Board committees, should be subject to regular performance evaluations.

They include:

- Evaluation of strengths and weaknesses
- Risk management evaluation
- Policy-making evaluation
- Evaluation of what needs to be improved

## Training of new Board members

New Board members often do not have experience working on a Board. It is important that new Board members:

- Receive general instructions on how to actively participate in the Board's work
- Receive general instructions on the Board's procedures
- Receive all necessary information concerning the Board's matters
- Receive instructions regarding their legal responsibilities

## What can PwC do for you

PricewaterhouseCoopers emphasises the importance of the Board being composed of qualified and loyal members who will fulfil their obligations and follow the Board's rules and work processes. PwC has experienced and qualified experts in corporate governance who can advise on all aspects of good corporate governance. Our services include:

- Training of new Board members
  - Legal and regulatory environment – roles and responsibilities of the Board
  - Correct treatment of all financial information and accounts
  - Prepare information for new Board members
  - Introduction to the working environment
- Training in specific sectors
  - International accounts
  - Company law and security law
- Expert consultancy - Evaluations
  - Checklist for evaluations
  - Advice on how to perform an evaluation

## Contacts

### Halldór Þorkelsson

Head of Business Advisory Services

+ 354 550 5229

[Halldor.thorkelsson@is.pwc.com](mailto:Halldor.thorkelsson@is.pwc.com)

### Ólafur B. Kristinsson

State Authorised Public Accountant

+ 354 550 5338

[Olafur.kristinsson@is.pwc.com](mailto:Olafur.kristinsson@is.pwc.com)

### Hrafnhildur Ragnarsdóttir

Consultant / MSc Comparative Politics

+ 354 550 5367

[hrafnhildur.ragnarsdottir@is.pwc.com](mailto:hrafnhildur.ragnarsdottir@is.pwc.com)

### Ragnar Þ. Jónasson

Consultant / Legal Advisor

+ 354 550 5360

[ragnar.jonasson@is.pwc.com](mailto:ragnar.jonasson@is.pwc.com)

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