



# BOARD EFFECTIVENESS

Association of Financial Mutuals

13 September 2018

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# Agenda



## 1. CONTEXT

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- FRC's revised Code
- AFM's annotated Code
- Where effectiveness has been challenged

## 2. CORE AREAS

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- Focus areas for Board effectiveness
- Context for AFM members

## 3. SMCR LINKS

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- Requirements under SMCR in relation to a Board's effectiveness

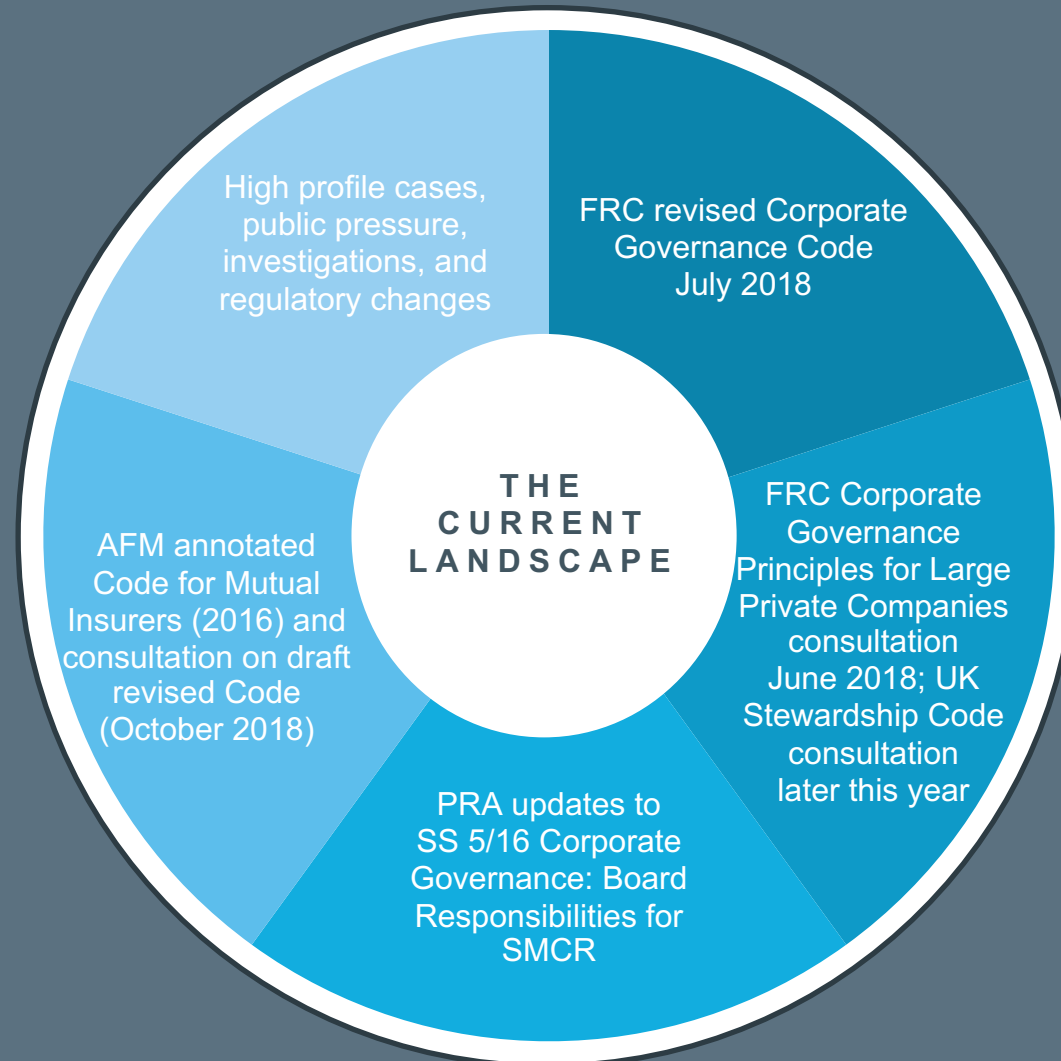
## 4. YOUR ROLE

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- The role of the Company Secretary in supporting the Board's effectiveness

# A new focus on Board effectiveness

Strengthening corporate governance, accountability and long-term business success



# Case for improvement

Several high profile cases and a focus for regulators

## GOVERNANCE



## COMPOSITION & SKILLS



## CHALLENGE & OVERSIGHT



## CONFLICTS OF INTEREST



## BEHAVIOURS



## CULTURE



# Core areas to Board Effectiveness

In the context of updates within the 2018 Code | Doing the right thing for members

Role and  
leadership

Composition and  
Succession

Dynamics

Governance and  
Remuneration

- Role in company purpose, strategy and values/behaviours and alignment of culture
- Assessment and monitoring of culture
- Approach and alignment between culture and reward
- Clear separation of duties and independence of directors
- Reporting on how the Board is preserving value in the long-term

Engagement

Evaluation

Learning and  
development

Reporting

Operations

# The link with SMCR

How a Board can fulfil SMCR obligations and enhance its effectiveness

- In-line with the Code, ensure there is clear documentation on the responsibilities of your role
- Record-keeping and MI that supports 'reasonable steps'
- Over escalation and inflated Board packs as a result; the Company Secretary plays a crucial role in gathering the views of the Board and feeding back to the Chair on the quantity and quality of MI
- Maintaining independence and objectivity – not performing an Executive role

# The Company Secretary

How the Company Secretary can support and facilitate the Board and its effectiveness

1. How do you advise on governance matters and support the Chair?
2. What arrangements are in place to ensure good information flows, MI and timely distribution of information to Board members, Committees and senior management?
3. How do you collate and present information for effective decision-making by Board members?
4. How are minutes and follow-up actions communicated to the Board?
5. Where appropriate, do Board papers describe the process used to arrive at and challenge a proposal prior to it being presented to the Board?
6. What role do you play in induction and training for Board directors?
7. How do you identify training/advice needs (internal and external) and obtain director feedback?
8. How is training/advice for a particular director tailored to their individual needs?
9. With the chair, do you periodically review if the Board and other governance processes are appropriate? If so, what is the outcome and how are improvements considered?
10. How do you maintain constructive relationships with Board members?



# Closing thoughts

Board effectiveness  
is an ongoing process





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