

Solution spotlight

Leading practice in corporate governance

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Corporate governance is the framework which monitors the activities and conduct of a company to protect the interests of all its stakeholders. Promoting sound corporate governance principles can help enhance stakeholder confidence and foster economic development.

What are some key focus areas for corporate governance?

- Building a basis for effective corporate governance frameworks
- Key ownership functions
- Rights of shareholders
- Roles of other stakeholders
- Disclosure and transparency
- Board responsibilities
- Conflict of interest policies and codes of conduct

What are some factors to consider when selecting directors?

- Board size
- Number of executive and non-executive directors (NEDs)
- Skills sets - subject matter and sector expertise
- Nature of operations (including size of transactions, delegated authority limits and locations)
- Local regulations (laws and regulators' expectations)

Why are board committees required?

Board committees help:

- Distribute workloads among directors
- Allow issues to be discussed more granularly by directors with relevant knowledge
- Establish the objectivity required to assess company performance
- Develop NEDs' knowledge of company operations

What board committees should companies have?

Leading practice suggests a minimum of four board sub-committees:

- Audit committee
- Corporate governance committee
- Nomination committee
- Remuneration committee

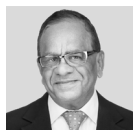
What are some general principles when establishing board committees?

- Appoint directors with a broad skills base
- Appoint a majority of NEDs

How can Keypoint add value to your corporate governance efforts?

With specialised corporate governance consultants working from our offices in Bahrain, Saudi Arabia and Jordan, we can:

- Benchmark requirements and assess compliance
- Assess roles and responsibilities of the board and committees
- Develop organisation and governance structures
- Evaluate board performance
- Assign roles and responsibilities to directors, senior management and the board secretary
- Develop or review board charters, codes of conduct and conflict of interest and insider trading policies
- Document performance evaluation and disclosure policies
- Support and improve stakeholder reporting – in English and Arabic



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Disclaimer: This spotlight is based on our interpretation of the best practice, including OECD's corporate governance principles. It is for general information only. Seek professional advice in relation to your particular circumstances.