



Corporate Governance Training

By

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Participant Introductions

- Name
- Position

“I would consider today a success if



Workshop Objectives

By the end of this workshop, participants will be able to:

- Understand the concept of corporate governance
- Appreciate the:
 - Functions of the Board
 - Responsibilities of the Board

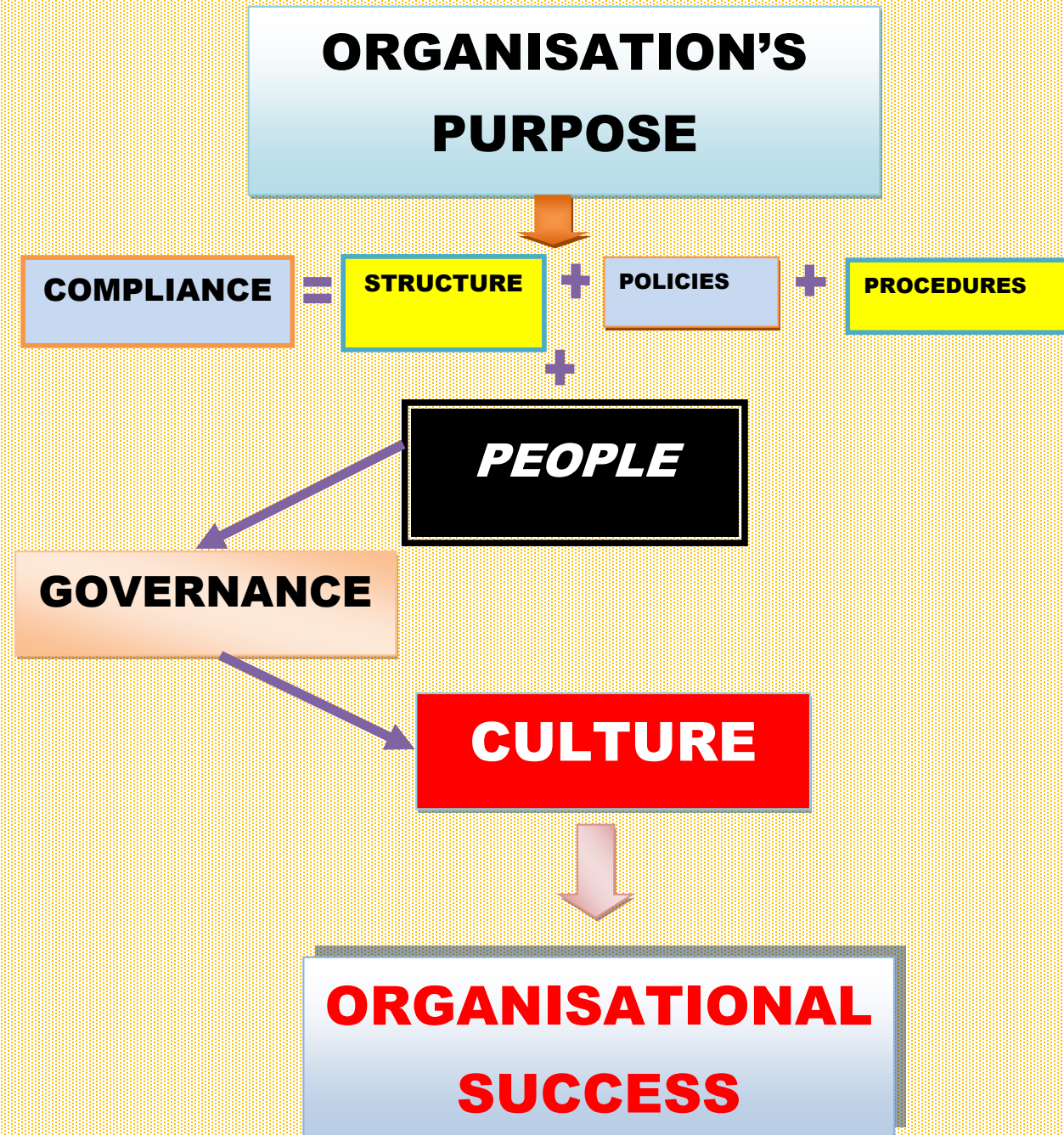




• **What is corporate governance?**



The Governance Framework



Definition of Corporate Governance

- ▶ King IV Report on Corporate Governance for SA: CG is the exercise of ethical and effective leadership by the governing body towards achievement of the following:
 - Ethical culture
 - Good performance
 - Effective control
 - Legitimacy

Six key elements of Corporate Governance



What is the difference between:

- **Management**

and

- **Governance**



Governance Versus Management

- ▶ ‘Whereas Management is about running a business, governance is about seeing that it is run properly’

Bob Tricker Article “Perspectives on corporate governance” 1983

- ▶ A board functions best when it focuses on higher level, future-oriented matters of strategy and policy and performs its oversight responsibilities in a rigorous but highly efficient manner



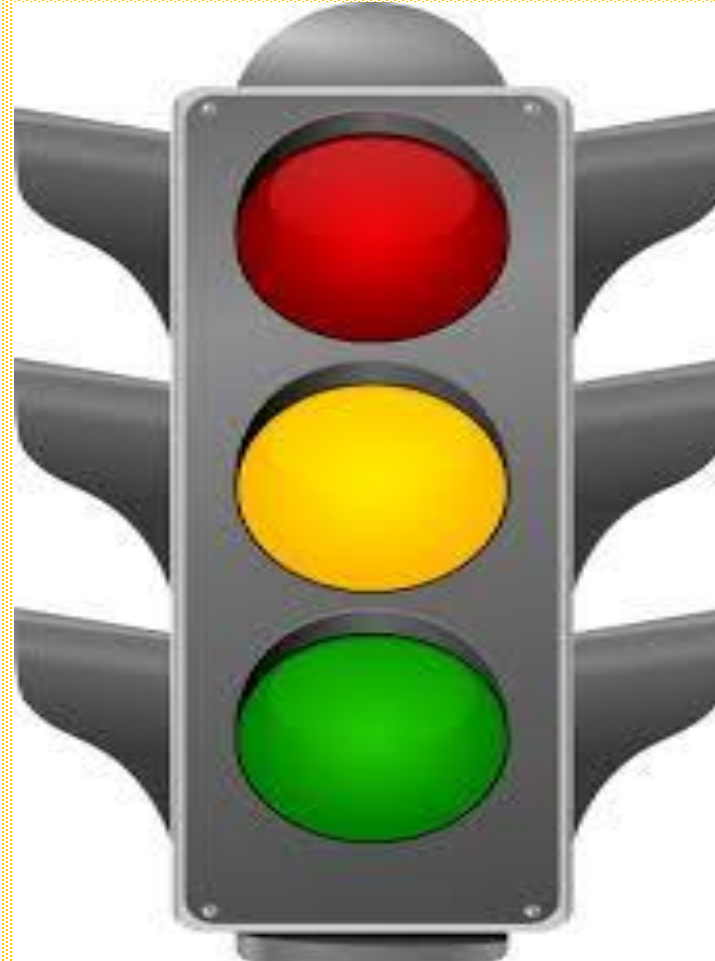
Spot check on Board Functions

Traffic Lights

Red – Disagree

Yellow- Neutral

Green- Agree



Function of the Board

Item	Allocated Time
1. Adding Value (leadership, core business, direction)	40%
2. Conformance (Compliance, risk management)	20%
3. Issues Management (Stakeholders communication, crisis management)	20%
4. Monitoring (regular reporting)	20%
Total	100%

Source CACG

Duties of Directors - Some in Leadership Code

- Duty to act within powers and for proper purpose
- Duty to promote the success of the organization
- Duty to exercise independent judgement
- Duty to exercise reasonable skill, care and diligence
- Duty to avoid conflict of interest
- Duty to declare conflict of interest



Fiduciary Duties of Directors – Common Law Duty

- A fiduciary duty is owed by a person in a position of trust
 - To act in good faith and in the interest of the beneficiaries
 - No profit doctrine
 - No conflict of interest
- Breach of duty Derivative Action



Role of the Chair

- Setting agenda – focused on strategy, performance, value creation, stakeholders and accountability
- Shaping the culture in the boardroom (Culture of cohesion and challenge)
- Ensuring engagement members by drawing on their skills, experience and knowledge
- Fostering relationships based on trust, mutual respect and open communication both within and outside boardroom
- Provide guidance and mentorship for new Directors
- Leading the annual Board evaluation (charter)



Role of Non Executive Director

- Non-Executive Directors (NEDs): directors without executive responsibilities
- Appointed on the board to:
 - make them function more effectively and efficiently bring outside experience and independence of judgement to bear on the major matters discussed by the board
 - provide constructive challenge, strategic guidance, offer specialist advise
 - hold management to account (balance of power)



Role of Secretary

- Governance
 - Board composition and procedures
 - Board information, development and relationships
 - Accountability (financial statements, risk management and internal controls, Audit Committee and Auditors) – Disclosures and reporting
- Statutory and Regulatory compliance
 - Laws, Regulations and GOU Policies
 - Board members' Duties



Role of Secretary

- Advisor of Board and Senior Management
 - Good Board Practices
 - Transparency and disclosure
 - Effective control environment
 - Relationship with Members and Stakeholders
 - CSR and conducting business ethically
 - Board commitment to corporate governance



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Characteristics of Effective Boards

- A supportive decision-making environment
- A clear understanding of the roles of the Board
- A common vision
- Rigorous debate
- The appropriate deployment of knowledge, skills, experience and judgment
- Independent thinking
- Challenge that is constructive
- The achievement of closure in individual items of board business.

Creating a Positive Board Culture

- Culture is the repeating patterns of the Board dynamics
- Shared assumptions on:
 - Board and each Board Member's roles,
 - Board's approach to ethics, etc
- Board can influence the creation of a positive culture around these issues
- Board should have a culture of cohesion and challenge



THANK
YOU

