

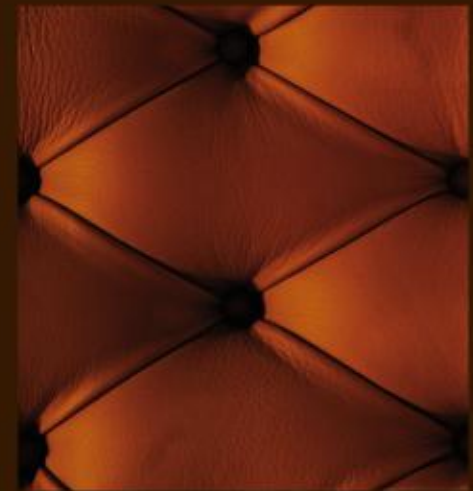
# The Role of the Board in compliance: Mudara IOD Introduction

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**IOD**  
MUDARA



*Institute of Directors*

# An Effective Board

“Every company should be headed by an effective board, which is collectively responsible for the success of the company.”

THE COMBINED CODE ON CORPORATE GOVERNANCE (UK) - July 2003 and 2006

# Best Practice Governance and Directorship

- Good Board Practices
- A strong Control Environment
- Transparent Disclosure
- Well defined Shareholder rights, and
- A committed Board

# The modern governance challenge...

“Today, the board of directors, sitting amidst this complex landscape combined with extensive financial engineering, must seek to steer the corporation in a coherent direction, somehow considering the values of its owners, and being responsive to those values.”

Ira Milstein: *Directors and Boards amidst Shareholders with Conflicting Values: July 2008*

# A Well Governed Company has:

## **Board**

- Active, knowledgeable, independent, high-integrity board
- Active and appropriate committees

## **Controls**

- Strong financial, risk and auditing controls
- Active audit (and risk) committees
- Limited if any related-party transactions

## **Compensation, succession**

- Strong pay-for-performance, shareholder-friendly metrics
- Compensation promotes long-term shareholder interests
- Robust management succession planning, controlled by board

## **Ownership and transparency**

- Open governance disclosure, willingness to share information
- Simple ownership structure, no real shareholder dissension

## The Board's Role is to:

- Develop company's purpose, vision, values
- Guide strategy
- Oversee management
- Monitor effectiveness in governance practices
- Ensure appropriate controls
- Oversee disclosures and other communications

## Following Governance Principles of:

- Accountability
- Fairness
- Transparency
- Responsibility

**And understanding how to apply them..**

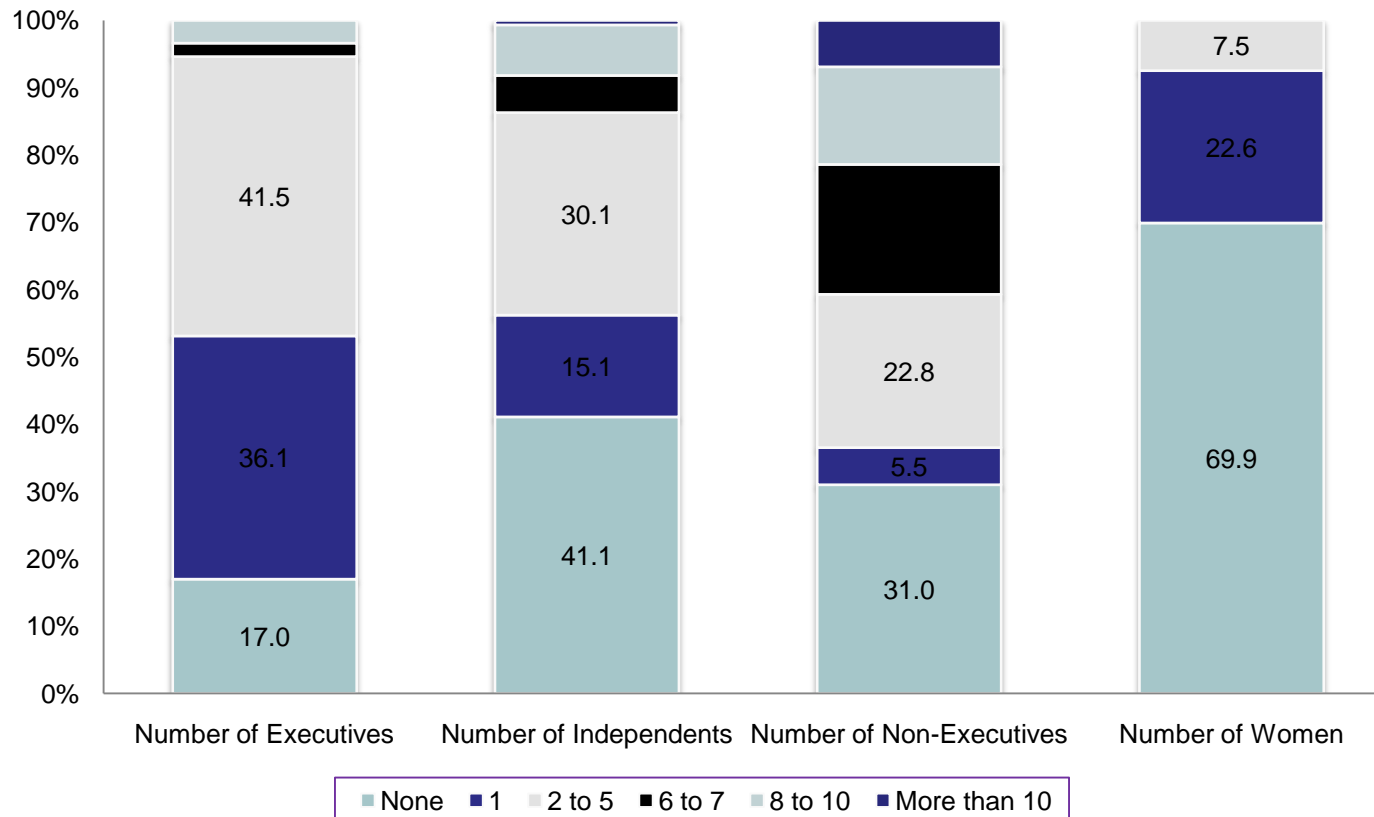
**e.g. The 7 Keys  
DIRECT, PROTECT, RESPECT,  
REFLECT, SELECT, EXPECT,  
INSPECT.**

The imperfect Board member: Discovering the Seven Disciplines of Governance and Excellence; Jim Brown  
Dec 2006

## The Board's Role in Compliance and Audit

- Separation of responsibilities for accountability
- Audit and Risk Management
  - Board Audit Committee Responsibility
  - Ensure good risk policies in place
  - Monitoring and control
- Compliance
  - Board direction and supervision; BUT
  - Management responsibility
  - Board compliance – Chairman responsibility with a support role (typically Company Secretary – especially for governance)

# The Region Has Still To Build Stronger Boards



**Strength: Majority of boards consist of non-executives**

**Weakness: Other elements**

**56% have one or no independent directors**

**53% have one or no executive directors**

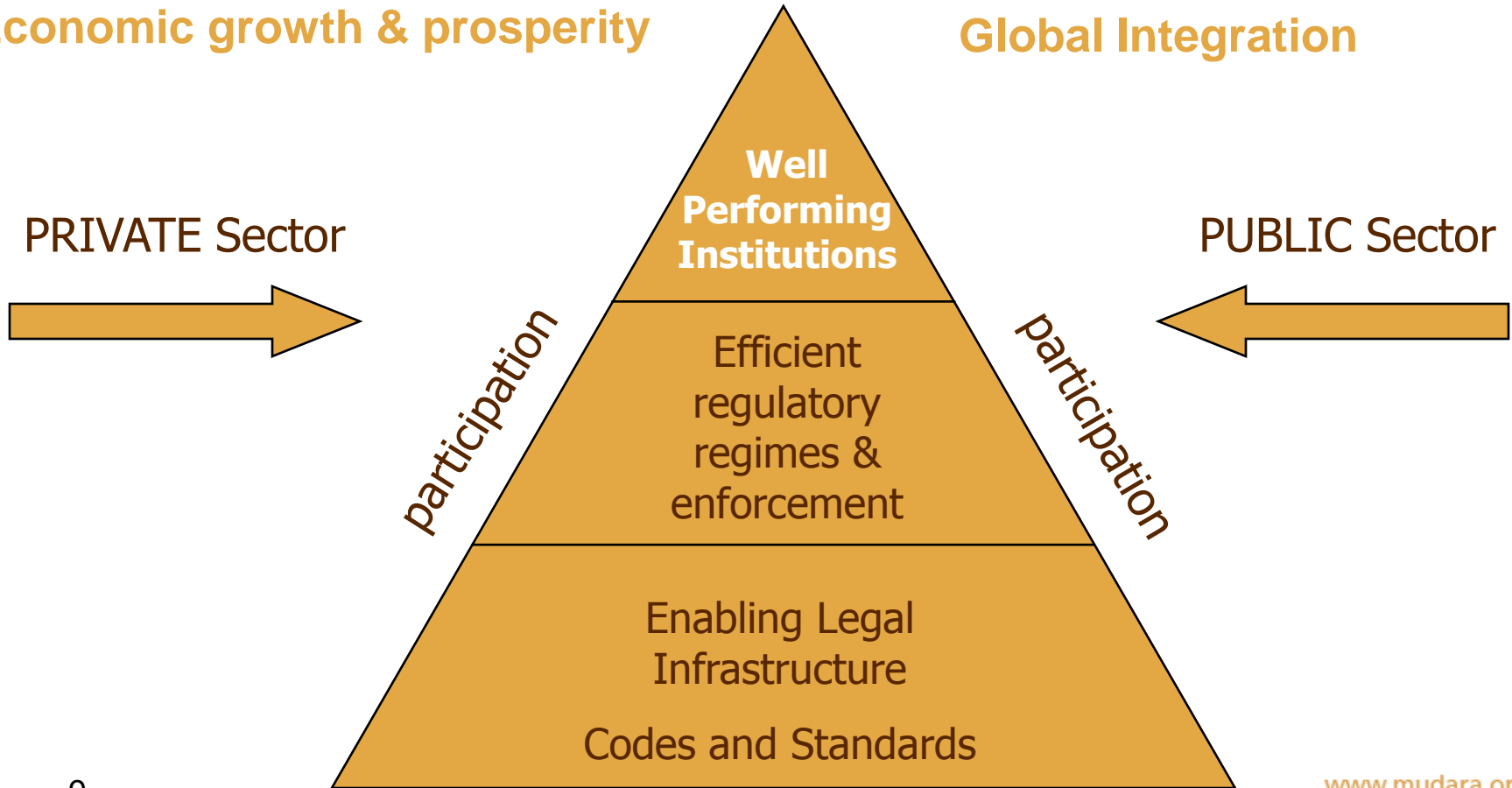
**70% have no women**

Source: Hawkamah/IFC Survey

# Towards Better Governance: Climbing the Pyramid.

Economic growth & prosperity

Global Integration



# Professional Associations are Key Institutions



“Director’s behaviour is fundamentally driven by individual ethics and accountability, not by laws imposed from outside.

*Ivor Francis: Future Direction, The Power of the Competitive Board”:  
1997*

# Why Mudara?

## **Supporting high levels of national and regional growth requires:**

- Professional, qualified and independent directors.
- Directors with international vision and capability.
- Training and encouraging young nationals for governance roles.

## **A Professional Directors Institute will:**

- Help promote networking across cultural, age and gender lines
- Provide a forum for foreign professionals to contribute
- Complement the work of other groups such as Hawkamah, YAL and AIWF

## **Build an IOD for the region:**

- Demonstrates leadership for the region
- Provides the right legal and regulatory framework (e.g. Data protection)

# MUDARA, the Institute of Directors

.....improving professional directorship to contribute to the well-being of the region.

**Vision:** to be the region's leading, international best practice, professional membership organisation representing the interest of directors.

**Mission:** to establish an internationally recognised institute committed to best practices for directors by:

- Building Membership
- Offering professional development and networking
- Providing research and information
- Providing ancillary services
- Creating a network of partnerships.

## What we do:

- Assist members to achieve high standards of professionalism;
- Provide continuing professional development and accreditation programmes;
- Increase the recognition of the role of directors;
- Provide forums and events for members to network and contribute;
- Provide services to members to add value and enhance their skills and contributions.

**Member Categories:** Associate, Member, Graduate Member, Fellow, International, Honorary

[www.mudara.org](http://www.mudara.org)

*Mudara empowers directors and board members to maximise their potential by providing the resources for best practices, business performance and professional development.*

**Join us!**

**[www.mudara.org](http://www.mudara.org)**

Thank You!

*Institute of Directors*

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