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Mudara IOD welcomes its new members, and looks forward to working with them in advancing corporate governance and directorship in the region.

Board Members and Senior Directors are invited to apply for membership of Mudara IOD.

Mudara IOD serves the entire Middle East and Mena region.

Welcome to the fourth issue of your Newsletter.

Keeping pace with the business climate we have changed the frequency of your Newsletter to quarterly.

Our Flagship Program, The Director Development Program (DDP)

Around the world, the role of the Board continues to evolve in response to corporate governance practices and standards. In the Middle East and North Africa (MENA), there is increasing emphasis on achieving a fine balance between policing and partnering, as family-owned businesses transform themselves into public corporations. There is also an increased focus on what characteristics the board should adopt and what considerations it must take into account. Concurrently, members of the Board must be adept with the principles of risk management, compliance, succession planning, and good governance. Directors must be responsible for maximizing shareholder value, managing corporate conflicts, ensuring that the company acts in a socially responsible manner, and most importantly, in securing the interests of the company and its various stakeholders.

Mudara IOD's Director Development Programme (DDP) lays the foundation for the ongoing training and education of Boards and directors resident in the Middle East and North Africa. The four workshops of the programme – Introduction to Corporate Governance, The Board, Strategic Leadership, and Financial Stewardship, Accountability & Leading, Planning Improvement – are designed to help directors equip themselves for regional challenges, and to perform better in a globally competitive environment

The workshops introduce directors to international best practices, reality checks in comparison to current practices in the region, and how best they can improve on these. Directors also gain a strategic understanding on the changing corporate governance landscape and practices in their respective countries. The DDP is essential learning for aspiring directors and other senior executives who wish to understand current governance practices and implement them for the benefit of companies under their jurisdiction, as well as regulators, stakeholders, media persons and other concerned audiences.

The workshops have been created in conjunction with one of Mudara IOD international partners, the International Finance Corporation (IFC), and are conducted by accomplished international presenters who do their best to ensure

continuing interest and active participation across all levels of attendees. The DDP is accredited by the Risk Metrics Group, formerly known as Institutional Shareholder Services (ISS), and Mudara provides assessment tests after each workshop. The workshops are held regionally at frequent intervals.

Attendees who complete the workshops and pass the tests receive an Accreditation Certificate. If they are members of the Institute of Directors, they also qualify for Graduate Membership. Graduate Members can choose to pass a separate examination to qualify as a practicing professional director, and receive a Certificate of Professional Practice.

The four workshops are:

- Introduction to Corporate Governance
- The Board
- Strategic Leadership
- Financial Stewardship, Accountability & Leading and Improvements

Building directorship skills capacity through training

In all sectors - private, public and not-for-profit - stakeholders are insisting on increased transparency and dialogue with the leaders and boards of the organizations with which they engage. As part of the Mudara Institute of Director's efforts to enhance directorship and board governance in the (MENA), we are continuing to offer and deliver our flagship program regionally, to maximize the potential of directors and a platform for leaders to advance governance excellence.

To the extend, Mudara IOD have delivered two workshops in Abu Dhabi, UAE, on November 17 – 20, covering two main topics, Introduction to Corporate Governance, and the Board. Also, Mudara IOD have delivered two workshops in Dubai, UAE, on March 23 – 26 covering topics like Strategic Leadership, Financial Stewardship, Accountability, Leading

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and Improvements. The workshops were delivered from the new GCGF toolkit, and designed from the director's viewpoint. They were led by business experts with outstanding experience of training. They were also an ideal forum for meeting other directors and expanding personal network.

Our participants profiles were varied, from incumbent directors wanting to improve their knowledge and skills in the Board, to Senior Management and Officers who want to anticipate the needs of the Board, or Newly-appointed Directors (Independent or not) who need to be acquainted with a working knowledge of their duties and responsibilities as mandated by law.

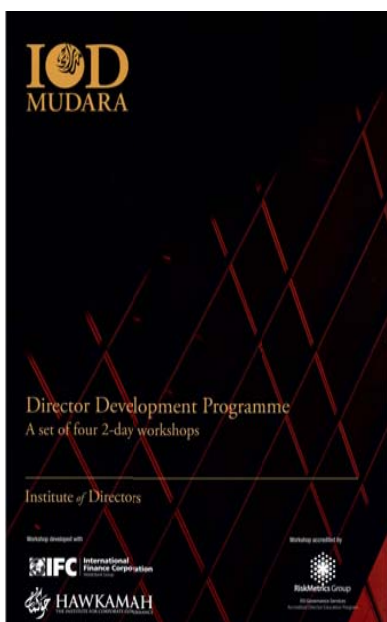
We found it interesting that the engaging peer exchanges on topics most top of mind for today's directors are as follows:

- Audit, Liquidity, Guidance, and Risk Intelligence
- Compensation and the Shareholder Reaction
- Motivation, Succession, and Retention
- Crisis Communications and Planning
- M&A, Strategy, and the Board

We certainly will continue to help those organizations that hold a unique position in the drive toward director professionalism, and our programs and services provides practical, relevant and time-effective solutions for the development needs of organizations and its directors of all types and in all sectors.

As we move into the second quarter of 2009, it is encouraging to see the volume of activity in Director Development Program and the commitment of executives and directors to learning and development. Some of our previous programs were fully booked and the second quarter is heading in the same direction. The Professional Development & planning team are planning a number of new programs to be launched at various intervals during the year, so keep an eye out for the next workshops and programs.

Should you have any further questions, you are welcome to contact, Abdulla Awad, Directors of Professional Development and Planning, on abdulla.awad@mudara.org or +971 50 189 2770 or profdev@mudara.org



Recent Events.....

Since the last Newsletter the Executive Director, Mr William Foster, provided the following presentations or participated in the following events around the region to introduce Mudara IOD and promote professional directorship with the support of the team.

October 22-23, 2008

"Lessons learned from the region" at an IFC/GCGF Workshop on "Building Sustainable Director Training Organizations" in Rabat Morocco.

November 23, 2008

"The Challenge of Integrating IT Governance" at the Corporate Governance Summit 2009 of ITGAF in Dubai.

December 3-4, 2008

"Governance and Complexity" and participation in discussion at an IFC sponsored Corporate Governance Conference on "Lessons to be learned from the Financial Crisis" in Almaty Kazakhstan.

Conferences:

March 4, 2009

DIFC Knowledge Series 2: Families, Governance and Markets: Building & Sustaining Wealth, Topic by Mudara IOD: "Building Capacity in Boards" at DIFC, Dubai, UAE.

March 19, 2009

DIFC Presentation to armed forces and STA, Introduction of Mudara IOD and Directorship, at DIFC, Dubai, UAE.

Seminars

12 February 2009

The Role of a Trustee: Investor protection in Debt and Sukook Markets, an introduction on "Directors Responsibilities" held at Capital Club, Dubai in partnership with the Bank of New York Mellon.

March 11, 2009

"An Effective Board, Duties and Liabilities, and the role of Professional Associations" at a special workshop on "Director's Duties and Liabilities in the Middle East: The Impact of the Global Financial Crisis" in the DIFC Exchange Building, Dubai, in partnership with Marsh, AIG and Clifford Chance.

Director Development Program and Tailored workshop

Feb 11, 2009

A one full day workshop on 'Disclosure and Transparency' at the Corporate Governance Summit 2009 of IQPC in Dubai.

March 23 – 24, 2009

A Professional Development - 2day workshop on 'Strategic Leadership' – Director Development Programme, held in Dubai, UAE.

March 25-26, 2009

A Professional Development - 2day workshop on 'Financial Stewardship, Accountability & Leading and Improvements' – Director Development Programme, held in Dubai, UAE.

For future events, please view our planned events or visit our website www.mudara.org

Recommended Reading for Directors

Directors – An A-Z Guide

Book review by *Azhar Zia-ur-Rehman*

The Economist has published four books in its “an A-Z guide” series. These are on the topics of Economics, Investment and Negotiation. The fourth one in this series is titled “Directors – An A-Z Guide”.

This book is revised, updated and rewritten from a book titled “Pocket Director” which was first published 12 years ago. The enhancements to the book incorporate the big changes in the corporate governance concepts and practice that have taken place in the last few years. Many new entries have been included - hedge funds, private equity, Chinese corporate governance, just to list a few. Acronyms of new organizations have also been included, e.g. ASP, APB, FSA, etc. Some fascinating new corporate government cases that have appeared in the recent years have also been quoted.

The author, Bob Tricker, has served on the Councils of both the Institute of Chartered Accountants and the Institute of Chartered Management Accountants. He wrote the first book to use the title “Corporate Governance” and he was the founder editor of “Corporate Governance” – an international review. He has held professional appointments in the UK, Australia and Hong Kong.

This book examines what being a director involves, what makes a director effective, what brings board level success and the way power is exercised over corporate entities. The book consists of three parts – an introductory essay, the A-Z section and the appendices.

The introductory essay provides the basis for a broad understanding of directors’ work. It defines governance and explains the difference between governance and management. Different types of boards are defined and explained. The role and the legal duties and rights of the directors are discussed. The essay concludes that “the challenge to directors today, whether governing a global listed company or a family firm, is to rediscover the need for professionalism, integrity and trust”.

The A-Z section forms the core of the book and gives practical insights into the world of directors today. It explores the basis of corporate governance, covers the factors necessary to be a successful director and shows how to build a better board. Cross references in small capitals make it easier to find related topics.

Directors – A-Z Guide has 9 appendices.

The first appendix, “Directors and the global financial crisis”, traces the history of the crisis in detail describing how one failure triggered another. Some fundamental corporate government issues that got raised by the crisis are discussed in this appendix.

The second appendix is the UK Combined code on Corporate Governance and the OECD Principles of Corporate Governance form the third appendix.

The fourth appendix discusses the core competencies of company directors. The author believes that “neither the legal literature nor the common law provides an answer to the question of what core competencies are necessary for effective company direction” but quotes a study by the UK Institute of Directors done in 1993-94 and a project by the Hong Kong Mass Transit Railway Company to determine the core competencies of its executive directors.

The fifth appendix provides an induction checklist for new directors which, the author believes “will provide an *aide-memoire* for both outside and inside directors”.

The sixth appendix provides an effective checklist for the boards.

The author believes that “a review of board effectiveness can be a salutary experience, but it can lead to important changes”. The author proposes a step-by-step process for the review and improvement of the performance of a board.

Appendix 7 is a list of the sources of information and the last appendix is a list of recommended reading.

The author has included some interesting quotations in some of the entries. The entry on “Chinese corporate Governance” includes the following words of David Webb from www.webb-site.com.

“People who defend bad corporate governance on the ground of Asian values or some cultural difference are talking nonsense. Yes, there is a different structure of ownership; it’s somewhat Victorian in that most companies are family controlled, but had I been around in Victorian times in England I think I would have seen similar bad corporate governance”.

Does this hold for our region also?

Another quotation that is included in the entry of “non-executive director” and which many may find to be offensive, is as follows.

“Non-executive directors are like bidets. No one knows what they are for but they add some class”.

This book is a very good source of corporate governance concepts for the director and will certainly help directors educate themselves in the art and science of directorship.

This book can be purchased online from the Economist bookshop.

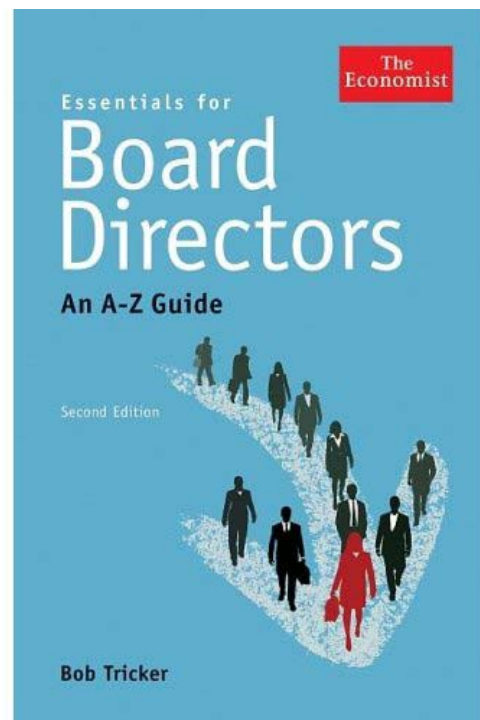
Directors – An A-Z Guide

Bob Tricker

The Economist in association with Profile Books Ltd.

ISBN 97 1 84668 167 7

310pp.



Why Corporate Governance?

By Zia Hashmi, Regional General Counsel of EFG-Hermes

Corporate governance is a term often used, but often misconstrued. Is it a set of rules and regulations that all organisations have to abide by? Is it a mechanism for businesses to improve their return on investment? Does it involve corporate social responsibility? What are the returns and why is it so important? These are only a few of the myriad of questions posed by global corporations and increasingly by organisations in the Middle East. Corporate governance is a combination of all of the above and more.

The need for transparency and accountability in the MENA region can be witnessed now more than ever before with the growing number of international companies establishing a business presence in region. Increasingly, professional firms specialised in corporate governance advisory services in key areas such as accountancy, risk management, compliance and legal are also providing support to successfully navigate the minefield of growth in a balanced and transparent manner.

EFG-Hermes was launched as a local investment bank in Cairo, Egypt in 1984 and has now branched out across the region to the UAE, Saudi Arabia, Qatar, Oman, Kuwait and Lebanon. Key services offered to clients include securities brokerage, asset management, private equity, investment banking and equities research. EFG-Hermes is market leader or top-tier in every business segment and currently employs over 900 people from over 30 nationalities spread across 7 countries in the MENA region.

We soon grew from being a successful Egyptian regulated investment bank and are today an internationally regulated investment bank, listed in both Egypt and London, with operations across the MENA region.

Regulation has played a crucial part in our expansion and as we continue to move forward it becomes even more prominent. The most essential asset it provides is transparency. Transparency has today become a market necessity. Externally, it reassures clients and investors and thereby facilitates access to new markets, client bases and business opportunities. Internally, corporate governance and compliance considerations now have a pervasive influence on our business operations and have become essential catalysts in the firm's business' evolution and in determining the course of future organisational development.

At EFG-Hermes we are constantly pursuing the development of our compliance and risk management human resources with the aim of striving for excellence in corporate governance. The importance of ethical, consistent and streamlined work policies that are internationally recognised is accepted at all levels in EFG-Hermes. We believe that a dedicated organization-wide approach to compliance and good corporate governance matters is not limited solely to the legal, risk and compliance departments or to policy manuals. Instead, they need to be incorporated at a day-to-

day operational level to foster consistent and appropriate application of standards and processes throughout the various business units. As an important illustration of this, we have for several years had an independent internal audit department that report to the audit committee, which is made up of independent, non-executive members of the board of directors at our holding company level.

Although everyone talks about corporate governance and regulatory compliance matters are again in focus, we have sought to proactively pursue the implementation of international best practice standards instead of sporadically reacting to market expectations in a piecemeal manner. EFG-Hermes has created an internal organizational structure in line with recommendations from various international task forces and relevant professional consultants. This has led to important developments in the composition of our board of directors with a focus on the creation of new or re-structured corporate committees and sub-committees in relation to business risk, commercial practices and regulatory compliance. These developments complement our audit review committee, compensation committee and other well-established features of our corporate governance structures. A significant and ongoing expansion of our compliance, risk management and legal departments has incrementally occurred and this is now accelerating. The firm has resultantly been able to adopt a more streamlined interaction and information sharing within and between different departments. This has helped us to consolidate the considerable growth experienced in the past several years and we expect such consolidation to enhance our momentum as the next growth cycle begins.

A commitment to good corporate governance means dedication to an evolutionary process that facilitates growth as new regulatory practices dynamically emerge across the MENA region. Sensibly applied, such commitment can constitute an indispensable resource to help local players to focus on the organizational and management tools they need to move from being a successful local business to becoming a competitive player in a fast developing region. For EFG-Hermes, a constructive participation in this process has produced a reliable framework from where to strive for international best practice. As our business continues to develop in tandem with the remarkable growth of our region, we are now well-placed to participate actively at the forefront of these developments.

It is safe to say that corporate governance has played a vital role in facilitating our progression and growth in the market – an ongoing process that has enhanced EFG-Hermes' competitiveness in the industry. We have for many years been regulated by the Egyptian Capital Markets Authority and more recently by the Dubai Financial Services Authority (DFSA) and multiple other regulators in the GCC region. Easier access to new opportunities in different markets is just one of the rewards we have seen as a result of our experiences as a regionally regulated entity with a commitment towards good corporate governance. We view this as a significant contributing factor to our recent growth in revenue, market share and geographic footprint. *... continued on page 5*



Nov. 5, 2008

“Round table Discussion on Standards and Regulations” at DIFC.



Feb 12, 2009

“The Role of a Trustee: Ensuring Investor Protection in Debt and Sukuk Markets” at the Capital

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Corporate governance and economic development go hand in hand; they are directly related. Investors need internationally recognised financial information to make an investment decision and dedication to good corporate governance is now no longer something voluntarily adopted by a few organisations, but a concrete expectation of global and regional investors in the Middle East.

In Dubai specifically, the DFSA has adopted a constructive approach to corporate governance and regulatory compliance matters, requiring authorized organisations to be transparent and open about their operations. While exercising regulatory functions only in the Dubai International Financial Centre, the DFSA has through its rulebook, regulatory practices and support for various initiatives fostered adherence to baseline regulatory standards that has had a positive impact on raising awareness and supporting good corporate governance processes from within the region.

A strong corporate governance framework is especially important in light of the global financial crisis. Hawkamah, the Institute of

Corporate Governance in the Middle East, recently conducted a conference that culminated in the Doha Declaration, calling for the implementation of more robust corporate governance structures to maintain the stability of the region’s financial system. The Declaration made extensive policy recommendations to address the financial crisis as it impacts the MENA region and emphasised the importance of governance and regulatory accountability amongst other issues. This and other initiatives at a regional level are important milestones in building a more competitive and transparent marketplace.

EFG-Hermes aims to follow baseline standards and then exceed them. We are proactively working towards developing international best practices in corporate governance and regulatory compliance matters. This is because the firm’s business and organizational structure has grown more profitable and efficient as a result of constructively engaging in this process. The regulatory burden became a competitive advantage and a dedication to good corporate governance is an important competitive tool that is helping to drive and maintain the firm’s leadership status in the Middle East.

Planned Events

Introduction to Corporate Governance

25 - 26 May, Dubai
26 – 27 October, Dubai
November, Bahrain (TBC)

The Board

27 - 28 May, Dubai
28 – 29 October, Dubai
November, Bahrain (TBC)

Strategic Leadership

9 –10 November, Dubai

Financial Stewardship, Accountability & Leading, Planning Improvement

11 –12 November, Dubai

Tailored Workshop for Directors

June 2009, Dubai
July 2009, Dubai

Other Events:

Mudara IOD Power Breakfast: Every Month, 2nd Tuesday

For more information on Mudara IOD please visit

<http://www.mudara.org>

For membership details, please email membership@mudara.org

For registration details on the programmes & workshops, please email profdev@mudara.org

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