

## ***RE-THINKING BOARD EVALUATION***

### **Preamble:**

With the raging Covid-19 pandemic giving rise to major supply chain disruptions and increased complexities, uncertainties and risks in global business environment, sometimes leading to high-profile board oversight failures, pressure is mounting from stakeholders for companies to pivot their business models to counter the new risks to keep staff, suppliers, customers and the enterprise as continuing concerns

What this pandemic has taught us is that companies are now required to better explain crisis management to achieve current and long-term corporate performance through increased focus on board composition by institutional investors and other activist investors. Investors, regulators and other stakeholders are seeking greater board effectiveness and accountability and are increasingly interested in board evaluation processes and results. Boards are also seeking to enhance their own effectiveness and to more clearly address stakeholder interest by enhancing their board evaluation processes and disclosures.

### **A matter of deep and candid reflection:**

How does a Board self-reflect on its own effectiveness, how does it assess its own performance, how does it position itself for better performance and add value to the company's delivery of value to all stakeholders. Unless and until the Board takes a candid look into its own performance and records the findings and articulates strengths and weaknesses, much of the status quo is maintained.

The evaluation process should not be used simply as a way to assess whether the board, its committees and its members have satisfactorily performed their required duties and responsibilities. Instead, the evaluation process should be designed to rigorously test whether the board's composition, dynamics, operations and structure are effective for the company and its business environment,

Hence, it is necessary to refresh and rethink the Board Evaluation process by reviewing the different perspectives and factors underpinning the process.

### **Programme objectives:**

At the end of the course, participants should:

- Gain an appreciation of why boards embark on an evaluation exercise
- Be aware of the various tools available, as well as how and when to use them
- Understand the processes involved and the key stakeholders in the exercise

**Course outline:**

This short training course is designed to cover:

- Board evaluation purpose
- Local requirements under the Code of Corporate Governance UAE 2016
- Planning and designing the evaluation process
- Leading the evaluation process
- Scope of the evaluation—what to evaluate
- Prioritization of the evaluation subject matters
- Approaches to evaluation:
  - Focused & structured questions vs free flow questions
  - Confidential one-on-one interviews
- Evaluation of Chairman and Committees Chairpersons
- Individual and peer evaluation
- Outsourcing to a third party
- Findings, reporting back and disclosures
- Utilising the outputs from the exercise to help improve board effectiveness

**Case studies:**

The training will seek to cover case studies of good and sub optimal evaluation approaches and disclosures and show examples of how poor board evaluation processes can create concerns for investors.