



COMPANY SECRETARIAL AND COMPLIANCE

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# Corporate Governance Frameworks – does failing to plan mean planning to fail?

by **Elaine Hughes, James Carolan, Liam Boyle, Karen Finneran**

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Whereas in the past little lip service was paid to corporate governance, this is now a subject that is firmly in the public's consciousness not least because of the media attention that has been given to the subject in recent months in regard to the activities of the FAI.

## **What is corporate governance?**

Corporate governance refers to how a business is controlled and managed. Good corporate governance starts and finishes with the people who are trusted to run such businesses, namely the Board of Directors. They are expected to be independent, engaged, committed, and effective in their role applying best practice and good corporate governance in the conduct of their role.

Does your business really need a corporate governance framework?

The need for a corporate governance framework that provides the Board of Directors with the fundamentals to establish, maintain, and monitor standards and policies for ethics, business practices, and compliance that span the Company is paramount.

In practice, the Corporate Governance Framework lays down the necessary responsibilities, practices and procedures that are the foundations of a well governed Company.

Also, because the successful implementation of good corporate governance practices depends on an approach that extends beyond simple compliance with legal requirements, the framework should provide a structure for establishing a culture of business integrity, accountability, and responsible business practices.

## **What benefits will a corporate governance framework bring?**

Some of the key benefits for implementing a corporate governance framework include

- Detailing the role and responsibilities of the Board of Directors and the responsibilities of senior management
- Holding the Board of Directors accountable
- Putting risk management as the centre of decision making and enhancing decision-making processes
- Improving strategic performance
- Reducing the cost of capital

By implementing a suitable corporate governance Framework, corporate governance is no longer simply seen as a tick the box exercise. Instead, through the practice of good corporate governance, the Board of Directors are promoting transparent and efficient monitoring and full disclosure in terms of accountability to its shareholders.

### **Next Steps to implementing your corporate governance framework**

We assist our clients with all aspects of corporate governance including:

- Assessment of Corporate governance framework (or individual components) including policies, procedures and practices.
- Drafting and implementing corporate governance frameworks and mechanisms as prescribed by applicable regulations, requirements and standards (i.e. Corporate governance codes, company law, operational guidelines and recommendations, etc.)
- Board duties including terms of references , matters reserved and delegations of authority for Chairperson.
- Training to the Board of Directors and senior management.

## About the Authors



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Elaine has extensive experience (15 years) in the provision of advice and assistance on all aspects of company secretarial, corporate governance and compliance matters affecting companies, directors, shareholders and other stakeholders.

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