G20/OECD Principles of Corporate Governance
VI. The Responsibilities of the Board

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*The corporate governance framework should ensure the **strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders**.*

A. Board members should act on a **fully informed basis, in good faith, with due diligence and care**, and in the best interest of the company and the shareholders.

B. Where board decisions may affect different shareholder groups differently, the board should **treat all shareholders fairly**.

C. The board should apply **high ethical standards**. It should take into account the **interests of stakeholders**.

D. The board should **fulfil certain key functions**, including:

1. Reviewing and **guiding corporate strategy, major plans of action, risk management policies** and procedures, annual budgets and business plans; setting **performance objectives**; monitoring implementation and corporate performance; and overseeing major **capital expenditures, acquisitions and divestitures**.
2. Monitoring the **effectiveness of the company's governance practices** and making changes as needed.
3. **Selecting, compensating, monitoring and, when necessary, replacing key executives** and overseeing **succession planning**.
4. Aligning **key executive and board remuneration** with the **longer-term interests** of the company and its shareholders.
5. Ensuring a **formal and transparent board nomination and election process**.
6. Monitoring and **managing potential conflicts of interest of management, board members** and shareholders, including misuse of corporate assets and abuse in related party transactions.
7. Ensuring **the integrity of the corporation's accounting and financial reporting systems**, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
8. **Overseeing the process of disclosure** and communications.

E. The board should be able to exercise objective **independent judgement** on corporate affairs.

1. Boards should consider assigning a **sufficient number of non-executive board members** capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.
2. Boards should consider setting up **specialised committees** to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company's size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
3. Board members should be able to **commit themselves effectively** to their responsibilities.
4. Boards should regularly **carry out evaluations to appraise their performance** and assess whether they possess the right mix of background and competences.

F. In order to fulfil their responsibilities, board members should have **access to accurate, relevant and timely information**.

G. When **employee representation on the board** is mandated, mechanisms should be developed to facilitate access to information and training for employee representatives, so that this representation is exercised effectively and best contributes to the enhancement of board skills, information and independence.

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OECD (2015), *G20/OECD Principles of Corporate Governance*, OECD Publishing, Paris.
http://dx.doi.org/10.1787/9789264236882-en