

Corporate Governance Questions

In our advising work we often address lots of questions that Central Asian Board members and Executives ask us.

To answer all these (see below) and other types of questions we provide trainings and consultations for individual directors and managers, groups of directors and managers of one institution.

Such consultations are usually conducted on a specific corporate governance issues, including directors' duties and liabilities, board structure, committees, board processes, etc.

Look below for example of most recent questions we had to address.

General

- ✓ We are a young dynamic company developing fast in Central Asia. Our controlling shareholder told us to start looking for switch to international corporate governance standards. Time is limit. What steps shall we start with?
- ✓ As a young management team, together with our CEO we decided we need to implement best corporate governance standards. How can we better sell the idea to our chairman/owner who is an old school boy?

Related party transaction and Board quorums

- ✓ What if only 1% non-related shareholders vote against this related party transaction, while 99% related party shareholders are ok to go with it?
- ✓ How should we consider decisions on our related party transactions at the board meeting/shareholders meetings correctly?
- ✓ What is international practice on these type of transactions:
By Countries: USA, UK, Singapore, Hong Kong, Italy, Germany, France, Netherlands, Brazil, Australia, etc.?
By International Organizations Guidelines: OECD, IFC, International Corporate Governance Network, European Corporate Governance Institute, NAPF, CII, etc.)
- ✓ What should we do if there is no specific quorum in the board to take a decision on related party transaction or other unusual decisions? Achieving minimum established quorum might take us a long, while this transaction is urgent.
- ✓ How should we vote if we have only one director left for this particular transaction. Are we still considered having quorum?
- ✓ Would vote of a single director left independent be considered legitimate vote on related party transaction? Will his vote be enough to represent the board's opinion?
- ✓ May those directors who are considered related to a transaction in the board, and were restrained from voting, be involved at least in discussion of this transaction before independent directors would vote on it?

Corporate Conflicts

- ✓ How board and shareholders can react in case of conflict between them and current CEO, which adversely influence company? Is there any instruments to remove recalcitrant CEO, or restrain him from making important decisions before next board meeting will be held?
- ✓ How can we limit current CEO's power until he is dismissed by board decision?
- ✓ We do not agree with our controlling shareholder on... What can we do?

Dividends

- ✓ We disagree between major shareholders on dividends distribution because regulations are not clear on this moment.
- ✓ What international practice says here?

Shareholders

- ✓ We, several shareholders of one company, want to get into block to vote against other group of shareholders' initiative, are we allowed to do that?
- ✓ What kind of instruments shareholders use to get in blocks?

- ✓ As a minority shareholder how can I resist to controlling shareholder and protect my rights?

Directors remuneration

- ✓ How should we pay our directors? What does best practices say about that?
- ✓ How independent directors should be compensated? Are there any universal international practices which can be used by our company?

Board meeting issues

- ✓ How many board meetings a year are recommended?
- ✓ We hold all our board meetings over teleconference/ phone/ Skype/ video conference – is it ok?
- ✓ What is international practice on board meetings:
By Countries: USA, UK, Singapore, Hong Kong, Italy, Germany, France, Netherlands, Brazil, Australia, etc.?
By International Organizations: OECD, IFC, International Corporate Governance Network, European Corporate Governance Institute, NAPF, CII, etc.)

Board Committees

- ✓ Who should assign board committees?
- ✓ How board committees work? What kind of decisions they can take?
- ✓ What authorities does board's committees have?
- ✓ What is international practice on board committees:
By Countries: USA, UK, Singapore, Hong Kong, Italy, Germany, France, Netherlands, Brazil, Australia, etc.?
By International Organizations: OECD, IFC, International Corporate Governance Network, European Corporate Governance Institute, NAPF, CII, etc.)
- ✓ How should we set up Audit Committee? How is it supposed to work?
- ✓ How should we establish and organize the work of a new Nomination Committee?
- ✓ How should we establish and organize the work of a new Compensation Committee?
- ✓ How should we establish and organize the work of a new Corporate Governance Committee?

Conflicts of Interests

- ✓ I am a Chairman of the board, my brother is CEO – is it bad? What should we do?
- ✓ I am independent director of pension fund. I have my pension account in it. Is it ok?
- ✓ Do we have a conflict of interests if we...

Board structure

- ✓ How can we find out the most effective board structure for our company?
- ✓ What do international practices say about best board structure and its work organization:
By Countries: USA, UK, Singapore, Hong Kong, Italy, Germany, France, Netherlands, Brazil, Australia, etc.?
By International Organizations: OECD, IFC, International Corporate Governance Network, European Corporate Governance Institute, NAPF, CII, etc.)

Supervisory Board

- ✓ Why do we need to have board of directors/supervisory board?
- ✓ How board should be working?
- ✓ How many meetings of supervisory board should we have?

- ✓ What do international practices say about Supervisory Boards and Board of Directors:
By Countries: USA, UK, Singapore, Hong Kong, Italy, Germany, France, Netherlands, Brazil, Australia, etc.?
By International Organizations: OECD, IFC, International Corporate Governance Network, European Corporate Governance Institute, NAPF, CII, etc.)

Directors responsibilities

- ✓ What is our responsibilities and liabilities as board members?
- ✓ As a new independent director what shall I know about corporate governance?
- ✓ What is international practice on directors responsibilities:
By Countries: USA, UK, Singapore, Hong Kong, Italy, Germany, France, Netherlands, Brazil, Australia, etc.?
By International Organizations: OECD, IFC, International Corporate Governance Network, European Corporate Governance Institute, NAPF, CII, etc.)
- ✓ What are we doing right or wrong as board members?
- ✓ What kind of mistakes we do as a board of directors? Is there something wrong?

Corporate Governance Specifics

- ✓ We are a financial organization, what specifics in corporate governance should we have?
- ✓ Do we better have board of directors - we are a small company?
- ✓ We are a holding company, what additional structures or processes do we need to have?
- ✓ We have very small number of shareholders, do you recommend us to have a board of directors/supervisory board?
- ✓ Do we need to implement best corporate governance standards if we...? Are we better off?

Corporate Governance Benchmarking

- ✓ What corporate governance standards do you recommend us, - London, Singapore, Hong Kong, USA, Germany, other European?
- ✓ What corporate governance standards are better fit our needs if we are going to...?
- ✓ Can you make analysis of our Corporate Governance system to recommend us which best standards we better have to go with?

Implementation of Best Corporate Governance

- ✓ How should we start implementing best international standards of corporate governance?
- ✓ What steps can you recommend us to take for implementing best standards of Corporate Governance?
- ✓ How long would it take us to translate our company into best corporate governance standards?

Controlling Shareholder

- ✓ I am controlling shareholder. How do I better hire and remove directors for my company? What do best practices say about that?
- ✓ How should we better pay our directors?
- ✓ What type of agreements we better have with our directors?
- ✓ What particular recommendations are working for Kazakhstan? Uzbekistan?
- ✓ Whom should we choose for independent director position?

Benefits of Corporate Governance

- ✓ What exact benefits should we expect that corporate governance gives us if we decide to implement best international standards?
- ✓ How long does it take to implement international best standards of corporate governance?

Board Members Election

- ✓ How to elect the board members correctly? What is international practice of board elections in UK, Italy, Germany, France, Netherlands, USA, Singapore, Hong Kong, Brazil, Australia, etc.?
- ✓ Why do we need to use cumulative voting for board elections? How do we apply it?
- ✓ What international organizations say about board and board practices? (OECD, IFC, International Corporate Governance Network, European Corporate Governance Institute, NAPF, CII, etc.)

Board Size

- ✓ How many directors should we better have on our Supervisory Board?
- ✓ Do you know what international best practice say about that? (International, USA, UK, Singapore, Hong Kong, Italy, Germany, France, Netherlands, etc.?)
- ✓ What do international organizations say about board and board practices? (OECD, IFC, International Corporate Governance Network, European Corporate Governance Institute, NAPF, CII, etc.)



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