

BOARD PERSPECTIVES

no.06 JUNI 2015

VELKOMMEN

TIL DANMARKS FREMMESTE BESTYRELSESPUBLIKATION
BOARD PERSPECTIVES – NYHEDER, TENDENSER
OG HOLDNINGER



BANKBESTYRELSEN SENDES PÅ SKOLEBÆNKEN (IGEN)

Michael Camphausen – s. 5

GLOBAL BOARD SURVEY 2015

InterSearch & Board Network – s. 8

VELKOMMEN TIL BOARD PERSPECTIVES – DANMARKS FREMMESTE BESTYRELSESPUBLIKATION



Velkommen til sjette nummer af Board Perspectives fra Board Network, The Danish Professional Directors Association. Board Perspectives henvender sig til alle, som interesserer sig for bestyrelsesagendaen i Danmark, og er den fremmeste, danske publikation med fokus på Corporate Governance og Board Leadership.

Board Perspectives udkommer kvartårligt – og byder i hvert nummer på en række artikler, skrevet af førende, eksterne eksperter samt interviews, nyheder og meget andet. Fokus er på indhold over form – og på nyhedsvinkler og holdninger med kant.

I dette nummer har vi fået bidrag fra en af landets førende eksperter inden for finansiell regulering, Advokat & Ph.D. Michael Camphausen, vedrørende kravene til bestyrelser i finansielle virksomheder. Og ikke mindst er vi stolte af at kunne præsentere resultaterne af den store, globale bestyrelsesundersøgelse, som Board Network og InterSearch i fællesskab har gennemført i februar-april 2015. Hele 582 bestyrelsesformænd og –medlemmer har deltaget og giver dermed et særdeles bredt fundament for en analyse af, hvad der er øverst på agendaen for bestyrelserne globalt set netop nu.

BESTYRELSESUDVALG – DYNAMISKE ARBEJDSGRUPPER ELLER FRALÆGGELSE AF ANSVAR?

Dette er temaet for Board Networks kommende medlemsmøde, som bl.a. byder på indlæg af Torben Nielsen,

bestyrelsesformand i Sydbank. Mødet finder sted onsdag d. 3. juni kl. 16-20 på Radisson Blu Royal Hotel, Hammerichsgade 1, 1611 København K. Se www.boardnetwork.dk for mere information.

På mødet vil vi sætte fokus på udbredelsen og ikke mindst best practices for anvendelsen af bestyrelsesudvalg i Danmark. I en helt ny analyse, foretaget af Case Rose / InterSearch, af 58 af landets største virksomheder, er udbredelsen af specifikke udvalg blevet afdækket. Undersøgelsen dækker C20-virksomhederne, large cap-virksomheder samt udvalgte, større familie-, fonds-, andels-, medlems- og offentligt ejede virksomheder.

I Danmark fik anvendelse af udvalg først for alvor opmærksomhed med den ny Revisorlov i 2009, som gjorde det lovpligtigt for børsnoterede virksomheder at etablere et revisionsudvalg. I de første par år valgte en lang række virksomheder imidlertid blot at lade hele bestyrelsen udgøre udvalget og dermed var lovens intentioner næppe opfyldt. Siden har Komiteen for god Selskabsledelse også i sine anbefalinger medtaget nominerings- og vederlagsudvalg, og bankerne har fået pligt til at nedsætte særlige risiko- (& kredit-)udvalg. I dag er revisionsudvalget dog fortsat det klart mest udbredte udvalg, jf. Case Rose/ InterSearch's analyse.

Blandt de kortlagte 58 virksomheder har 43 nedsat reelle revisionsudvalg (heri er ikke medregnet de virksomheder, som har ladet hele bestyrelsen udgøre udvalget). 34 har vederlagsudvalg, mens 27 har nomineringsudvalg. 5

BOARD PERSPECTIVES

banker og 1 forsikrings-selskab benytter sig af risikoudvalg, mens 9 virksomheder benytter sig af andre typer udvalg – jf. skemaet nedenfor.

Præmissen for benyttelsen af udvalg var oprindeligt, at man ved at lade en mindre, men højt specialiseret, gruppe af bestyrelsesmedlemmer dyrke et givent område, i højere grad kunne sikre en ordentlig, betimelig og grundig gennemgang af verserende emner. Særligt på de områder, som opererer med et Governance/Risk/Control-fokus er denne præmis værd at holde sig for øje. På andre, måske mere værdiskabelses- eller stakeholder-fokuserede områder, er hurtighed og grundighed i analyse samt sagsbehandling ofte mere vigtigt.

Det er vigtigt at huske på disse præmisser, når den mest effektive og fornuftige sammensætning af et udvalg overvejes. På denne baggrund er vores utvetydige anbefaling på tværs af alle de forskellige typer udvalg, at ikke kun funktionelle specialistkompetencer er tilstede i udvalgene, men også, at hvert udvalg har minimum én repræsentant med dybt branchekendskab samt én ”lægmands”-repræsentant, som kan tillade sig at stille alle de ”dumme spørgsmål”.

Endelig er det vores anbefaling, at man som virksomhed enten vælger, at revisions- og/eller risiko-udvalget har et medlem med særlige IT-kompetencer (herunder specifikt vedr. cyber security), eller at man nedsætter et specifikt teknologi-/IT-udvalg, som kan tilsikre forberedelsen af hele bestyrelsen på den teknologiske udvikling, som i alle brancher er i hastig acceleration, herunder inden for både risici og muligheder.

Til afslutning kan det ikke understreges nok, at alle udvalg alene kan operere på et forberedelsesmandat. Alle behandlede emner i udvalget må således grundigt refereres til den samlede bestyrelse, og det er den kollektive bestyrelse, som træffer alle beslutninger. Man kan ikke, som menigt bestyrelsesmedlem ”uden for udvalget”, fraskrive sig ansvar for behandlede emner og trufne beslutninger alene med henvisning til, at det var udvalget, der var ansvarlig herfor. Bestyrelsen er i alle henseender fælles og solidarisk ansvarlige for samtlige beslutninger, handlinger og undladelser i bestyrelseslokalet. Og lige præcis derfor må anvendelsen af udvalg ske under udøvelsen af størst mulige agtsomhed. Vi finder således den stigende udbredelse af udvalg meget positiv, men det må og kan aldrig blive en waiver of liability.

BOARD NETWORK

Board Network – The Danish Professional Directors Association er Danmarks mest eksklusive bestyrelsesnetværk, og er det foretrukne forum for erfarne bestyrelsesmedlemmer. Organisationens formål er at sætte fokus på *Board Leadership* samt at øge kendskabet til bestyrelsernes betydning for værdiskabelsen i og udviklingen af virksomhederne. For mere information, se www.boardnetwork.dk.

Medlemsmøder i 2015

Torsdag d. 12. marts 2015 kl. 12-19: Den Store Danske Bestyrelseskonference 2015 – Boards in a Disruptive Age

Onsdag d. 3. juni 2015 kl. 16-20: Bestyrelsesudvalg - Dynamiske arbejdsgrupper eller fralæggelse af ansvar?

Tirsdag d. 8. september 2015 kl. 8-12: Den værdiskabende mangfoldighed – Kompetencer, nationalitet og køn

Tirsdag d. 24. november 2015 kl. 12-16: Formandens altafgørende rolle – Et job, ikke en position

Lær fra de dygtigste. Netværk med de bedste.

BOARD NETWORK

The Danish Professional Directors Association

Det førende forum for erfarne bestyrelsesmedlemmer

BOARD PERSPECTIVES

UDBREDELSEN AF UDVALG I STØRRE DANSKE VIRKSOMHEDER 2014/2015

(Copyright Case Rose / InterSearch)

VIRKSOMHED	REVISION	NOMINERING	VEDERLAG	RISIKO (& KREDIT)	STRATEGI	OPERATIONS	TEKNIK (& PRODUKTION)	SCIENTIFIC	PRODUKT-UDVIKLING	TRANSACTIONS	FORRETNING
AP Møller - Mærsk	x		x								
Carlsberg	x	x	x								
Chr. Hansen	x	x	x					x			
Coloplast	x										
Danske Bank	x	x	x	x							
DSV	x										
FLSmidth	x	x	x				x				
Genmab	x	x	x								
GN Store Nord	x	x	x		X						
ISS	x	x	x							x	
Jyske Bank	x	x	x	x							
Novo Nordisk	x	x									
Novozymes	x										
Pandora	x	x	x								
TDC	x	x	x								
Topdanmark	x	x	x								
Tryg	x	x	x	x							
Vestas	x	x	x				x				
William Demant	x	x									
D/S Norden	x	x	x								
H. Lundbeck	x		x					x			
Københavns Lufthavne	x										
Rockwool	x		x								
Sydbank	x	x	x	x							
ALK Abello	x		x					x			
Alm. Brand	x		x								
Ambu	x	x	x								
Auriga	x	x	x						x		
Bang & Olufsen	x	x	x								
Bavarian Nordic	x										
DFDS	x	x	x								
Greentech Energy											
IC Group	x		x			x					
Jeudan	x	x	x								
NKT	x	x	x								
Ringkøbing Landbobank	x	x	x	x							
Royal Unibrew		x	x								
Schouw & Co	x										
Simcorp	x										
Solar	x										
Spar Nord Bank	x	x	x	x							
Tivoli			x								
Zealand Pharma	x	x	x								
ATP	x										x
Coop Danmark											
Danfoss											
Danish Crown											
DLG											
DSB	x		x								
Ecco Sko											
Egmont											
Grundfos											
Haldor Topsøe											
Hempel											
LEGO											
LEO Pharma											
PFA	x		x								
TV2											

KOMMENDE ARRANGEMENTER

Vi glæder os meget til at sætte yderligere fokus på udbredelsen og best practices i anvendelsen af udvalg i danske bestyrelser ved medlemsmødet d. 3. juni kl. 16-20.

Til sidst minder vi om de øvrige arrangementer i Board Network for resten af 2015:

- Tirsdag d. 8. september 2015 kl. 8-12: Den værdiskabende mangfoldighed – kompetencer, nationalitet og køn – med indlæg af bl.a. professor Nina Smith
- Tirsdag d. 24. november 2015 kl. 12-16: Formandens alt-afgørende rolle – Et job, ikke en position – med indlæg af bl.a. CEO Tommy Pedersen, Augustinus Fonden

Hermed igen velkommen til sjette nummer af Board Perspectives. Rigtig god læselyst.

Ditte Kirstein Brammer & Jakob Stengel



BANKBESTYRELSEN SENDES PÅ SKOLEBÆNKEN (IGEN)

Af **MICHAEL CAMPHAUSEN, Partner, Advokat, Ph.D. i CamphausenWalldén Advokatfirma**

Et medlem af bestyrelsen i en finansiel virksomhed skal ikke blot være egnet til sit bestyrelseshverv, men skal ligefrem uddannes hertil. Det i den finansielle verden velkendte krav om "fit & proper" er dermed blevet til et krav om "fit, proper & educated".

EN PRINCIPIEL NYSKABELSE

Der er måske ikke tale om den helt store skolereform lige i denne omgang, men dog alligevel en ganske principiel nyskabelse i den finansielle regulering: for nylig indførtes et egentligt lovmæssigt uddannelseskra-
v for bestyrelsesmedlemmer i både pengeinstitutter, realkreditinstitutter og forsikringsselskaber.

Uddannelseskra-
vet kommer i forlængelse af og i tillæg til bølgen af mange nye, bindende governancekrav, som allerede er indført i den finansielle lovgivning herhjemme, især i forbindelse med implementeringen af EU's tunge og omfattende regelkomplekser for bankerne i kølvandet på den finansielle krise.

Det gælder således i forvejen, at et bestyrelsesmedlem i en finansiel virksomhed til enhver tid skal have tilstrækkelig viden, faglig kompetence og praktisk erfaring til at kunne varetage hvervet som bestyrelsesmedlem i den finansielle virksomhed. Desuden gælder det allerede, at den finansielle virksomhed skal afsætte de nødvendige ressourcer til at sikre, at bestyrelsens medlemmer får tilstrækkelige muligheder for at deltage i bl.a. introduktionskurser og efteruddannelseskurser. Men nu suppleres disse skærpede "fit & proper" lovkrav i medfør af den nylige EU-bankregulering altså af et egentligt uddannelseskra-
v, som sender bestyrelsesmed-

lemmerne tilbage på skolebænken. Formålet er selvsagt i endnu højere grad at højne kompetenceniveauet i de finansielle virksomheders bestyrelser.

Skeptikeren vil sige, at der er tale om overimplementering af EU-reglerne på området, at vi herhjemme på ny går regulatorisk enegang (og i denne forbindelse igen unødvendigt lader bankreguleringen omfatte forsikringsselskaberne), og at det i det hele taget går imod governance tankegangen at detailregulere på denne måde.

Tilhængerens vil omvendt sige, at et obligatorisk uddannelseskra-
v giver god mening i lyset af de gjorte finanskriseerfaringer, og at et decideret lovkrav ikke vil virke så indgribende i praksis, idet de fleste finansielle virksomheder i forvejen sørger for at uddanne bestyrelsen internt eller eksternt.

FIT, PROPER & EDUCATED

Det nye lovkrav om obligatorisk bestyrelsesuddannelse indebærer, at et medlem af bestyrelsen i et pengeinstitut, et realkreditinstitut eller et forsikringsselskab hurtigst muligt - og senest ét år - efter sin indtræden i bestyrelsen skal gennemføre et grundkursus i de kompetencer, som er nødvendige for at varetage de forpligtelser og funktioner, som ifølge lovgivningen og i praksis kræves af bestyrelsesmedlemmer i den pågældende type virksomhed.

Med andre ord skal et bestyrelsesmedlem fremover være både "fit, proper & educated".

De nærmere indholdsmæssige krav til et sådant grundkursus og dermed de forskellige relevante kompetenceområder vil blive fastlagt af Finanstilsynet i en udfyldende bekendtgørelse og vil altså variere efter virksomhedstype, dvs. pengeinstitutvirksomhed, realkreditinstitutvirksomhed eller forsikringsvirksomhed. I denne sammenhæng har Finanstilsynet netop nedsat et fagudvalg med bl.a. sektorrepræsentanter, der skal definere de væsentligste kompetenceområder og komme med konkrete forslag til indholdet af grundkurset til brug for tilsynets kommende bekendtgørelse.

Det ligger dog allerede nu fast, at grundkurset som minimum skal omfatte følgende emner og kompetenceområder: *bestyrelsens arbejde, opgaver og ansvar, de*

BOARD PERSPECTIVES

lovgivningsmæssige rammer for driften og indretningen af et pengeinstitut, realkreditinstitut eller forsikringselskab, herunder de nærmere ledelseskrav for den pågældende virksomhedstype og arbejdsdelingen mellem bestyrelsen og direktionen, kravene til compliancefunktionen og til risikostyringen, herunder de forskellige risikotyper (kreditrisici, operationelle risici, markedsrisici mv.), kravene til solvens og likviditet, reassurance, regnskab og revision.

Alt i alt en god og relevant blanding af både regulatoriske og praktiske emner som skal sikre, at alle medlemmerne af bestyrelsen opnår en grundlæggende og basal faglig viden inden for de enkelte kompetenceområder, og at de samtidig bliver bevidste om deres ansvar netop inden for disse områder.

Det bemærkes, at uddannelseskravet vil gælde for alle bestyrelsens medlemmer, uanset om de er valgt af generalforsamlingen, af repræsentantskabet eller af medarbejderne. Og kravet gælder også for suppleanterne og aktualiseres, så snart de indtræder i bestyrelsen som medlemmer.

Til gengæld indebærer uddannelseskravet i det mindste ikke, at bestyrelsesmedlemmerne skal bestå en afsluttende prøve i forbindelse med grundkurset. Der skal altså ikke læses til eksamen. En i praksis gældende prøve eller eksamen kan dog siges at følge af det allerede gældende finansielle lovkrav om bestyrelsens løbende selvevaluering.

ÅNDE LETTET OP

Hvis et bestyrelsesmedlem ikke gennemfører det obligatoriske grundkursus og dermed tilsidesætter lovens krav herom, kan Finanstilsynet sende vedkommende uden for døren og i sidste ende påbyde det pågældende medlem at nedlægge sit hverv.

Finanstilsynet er dog gået med til at medtage en dispensationsmulighed i loven, således at tilsynet efter en konkret og individuel vurdering i det enkelte tilfælde kan undtage et bestyrelsesmedlem fra kravet om at gennemføre grundkurset, hvis den pågældendes viden, kompetencer eller erfaring må anses for tilstrækkelig. Dispensation vil eksempelvis kunne gives til et bestyrelsesmedlem, som har oparbejdet de fornødne faglige kompetencer via sit hverv som bestyrelsesmedlem eller

direktør i en større erhvervsvirksomhed eller i en anden finansiell virksomhed. Der kan også være tale om et bestyrelsesmedlem, som eksempelvis har fungeret som kreditchef, risikoansvarlig eller varetager en lignende nøglefunktion i en finansiell virksomhed og derigennem har oparbejdet den fornødne viden og erfaring. Det ovennævnte fagudvalg skal tage stilling til, hvilke nærmere kriterier skal inddrages i tilsynets vurdering for at kunne give dispensation.

Alle de nuværende bestyrelsesmedlemmer i pengeinstitutterne, realkreditinstitutterne og forsikringselskaberne kan i øvrigt ånde lettet op i denne omgang. En overgangsordning betyder nemlig, at de ikke rammes af det nye lovkrav og derfor ikke sendes tilbage på skolebænken (igen), endda heller ikke ved et senere genvalg.

Kun nyvalgte bestyrelsesmedlemmer efter lovkravets formelle ikrafttræden – der afventer tilsynets bekendtgørelse, og som forventes at blive i foråret 2016 – vil således blive omfattet af det obligatoriske uddannelseskrav. Men så ved man jo også på forhånd, hvad man går med til, når man eksempelvis lader sig indvælge i en bankbestyrelse.



The art of carrying less, and doing more.



Streamline your board materials with Diligent Boardbooks.

Before making crucial decisions, Directors need time to review information and a means to collaborate securely with each other. Diligent Boardbooks® helps keep boards on the same page with seamless updates and secure access on the go.

SIMPLE. SECURE. SUPPORTED.

- ▶ Intuitive interface and navigation
- ▶ Security that meets or exceeds the standards of the world's most demanding IT departments
- ▶ Award-winning service, 24/7/365 support

TRUSTED.

- ▶ 3,500+ boards & 77,000+ users worldwide
- ▶ 326 of the Fortune 1000 & 37 of the FTSE 100
- ▶ 97% client retention rate

For more info or to request a demo, contact us today:

- ▶ +31 621 552 222
- ▶ info@boardbooks.com
- ▶ www.boardbooks.com



London | Munich | New York | Christchurch | Hong Kong | Montreal | Singapore | Sydney

Diligent Boardbooks and Diligent are registered trademarks of Diligent Board Member Services, Inc. All other trademarks are the property of their respective owners. ©2014 Diligent Board Member Services, Inc. All rights reserved.



GLOBAL BOARD SURVEY 2015 – BOARDS IN A DISRUPTIVE AGE

INTRODUCTION

There has never been a greater focus on corporate boards than what we see today; from how they are composed over the influence they carry to how they perform, attention is attracted from politicians, public authorities, media, investors and all the rest of the business environment.

Global financial turmoil followed by corporate scandals and investor activism are all ingredients which have put further pressure on time spend on boards, on the individual contributions to the board and the overall performance by the board and what that means to the company in question. The number of operational activities and the detail of these to which the board is expected to be familiar with is growing rapidly. Directors' responsibilities are expanding and the implied liabilities are being scrutinized in an increasingly litigious environment.

Take all this – and add the exponentially growing haste in technology innovation, business model development and shortened supply chains that our businesses are facing – and you have the new paradigm that corporate boards all have to acknowledge and deal with: Boards in a Disruptive Age.

CONTEXT

InterSearch – Worldwide Organization of Executive Search Firms and **Board Network** – The Danish Professional Directors Association have together performed this Global Board Survey 2015 during February – April 2015 among 582 global corporate chairmen and board members from 43 countries on all populated continents.

Several trends stand out loud and clear across countries, industries and company size and turnover when reviewing the results;



- Effective board work requires more time spend, both preparatory and at the board meetings and committee meetings, compared to the past
- While boardrooms are still heavily populated by men, there is high attention to diversity demands for the future, competency-wise as well as in respect of gender and internationalisation
- Boards are increasingly tapping in to the expertise of external advisors and experts instead of purely relying on the reports and analysis provided by executive management and other in-house resources
- Boards are aware of, however not necessarily sufficiently equipped to handle, the (expected) forthcoming disruptive scenarios bound to meet the company
- Boards express an optimistic and confident view on the economy in the future

While boards in 2005 widely were duplicates of their predecessors of 1995 on all important parameters, this image has changed dramatically over the past decade up to 2015. Whereas the 2005-boards looked to have the same composition, same competency profile, spent the same amount of time, followed the same agenda, carried the same influence and power over the executive management team and had the same balance of the overseeing risk & control items versus the strategic & leadership-oriented items on the agenda as in 1995, the 2015-boards are definitely stepping up to the challenge.

BOARD PERSPECTIVES

Most countries were only taking their first steps in to the unknown territory of Corporate Governance in the period 1995-2005, yet with the bursting of the dot-com bubble, the Millennial corporate scandals in the US and the subsequent introduction of the Sarbanes-Oxley legislation, the global financial crisis and further corporate scandals and bailouts especially in the financial sector with the subsequent introduction of the Dodd-Frank Act in the US and the CRD IV-directive in the EU, the boards of 2015 have had to move closer to operations and daily management, while now under much stronger spotlight on their own performance than ever before.

***If I had asked people what they wanted,
they would have said faster horses***

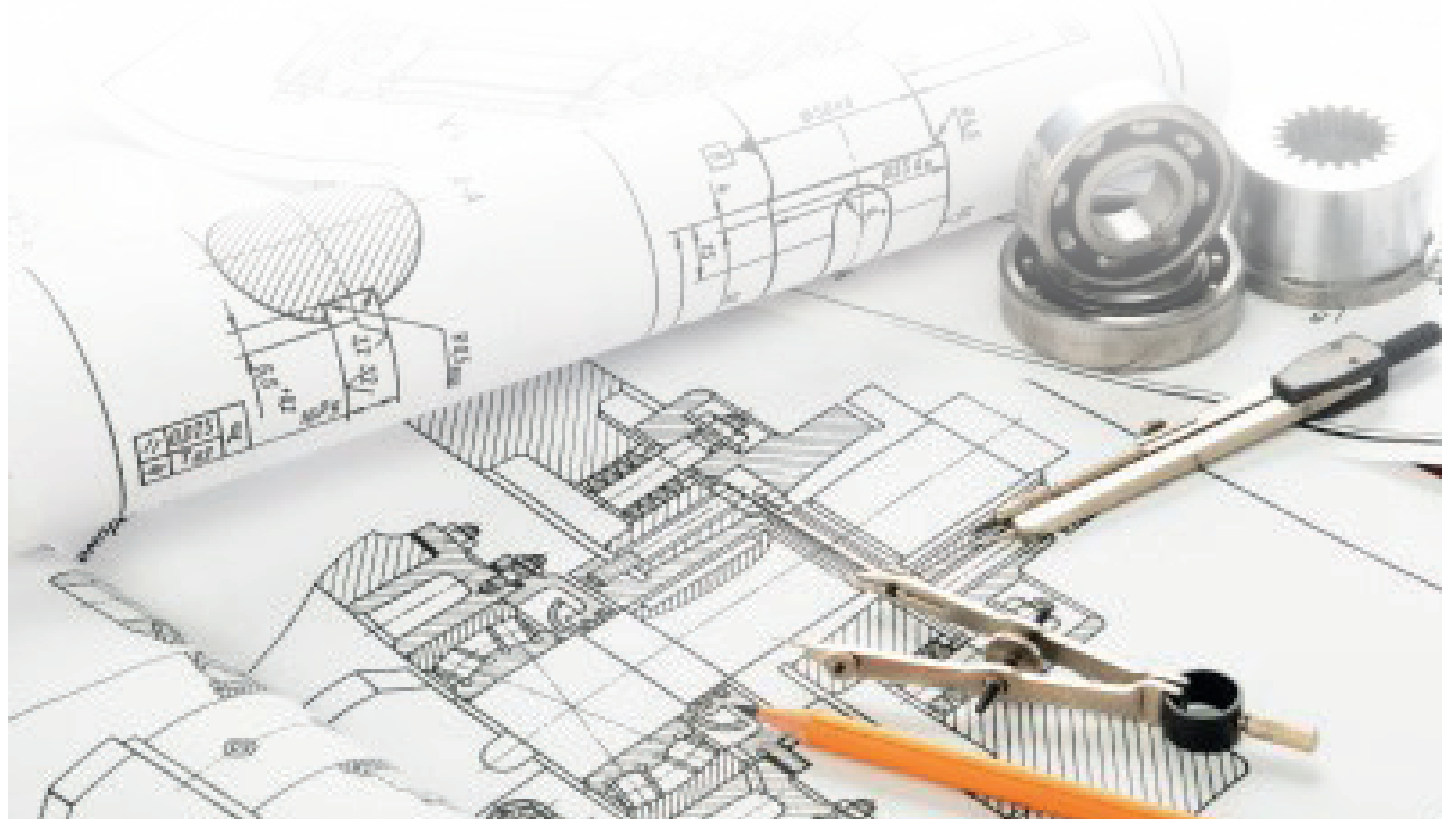
(Henry Ford)

The pace of change in business models and offerings affected by increased digitalisation and globalisation has entailed new demands on boards. On top, the global business community has seen increased regulation, more sustainability-focus, pressure for diversity and geopolitical risk changes, of which all are adding to the complexity that boards have to engage under nowadays. These include requirements for new com-

petencies, new ways of organising board work and new means to inspire the board's decision-making.

Where size used to be one of the market leader's greatest strengths, agility is a much more important factor today. And the ability to ask the right questions is more important than to give the most answers. Like Robert F. Kennedy once said, paraphrased from George Bernard Shaw: **There are those that look at things the way they are, and ask why? I dream of things that never were, and ask why not?** That is most probably the most advantageous starting point for corporate boards today.

Those who will be able to think beyond the expectations from the outside world based on habitual thinking, will be those who will win in the future. And boards will play a crucial role in this. They alone can formulate the tone at the top and set the pace for the organisation in defining a culture that goes further than the attempt of defending market share on existing products in existing markets. Innovation has to be at the heart of the organisation if one's own company shall not meet the fate of Nokia, Eastman Kodak and Lehman Brothers – once dominant market leaders, a few years later a mere shadow of themselves or down right broken to pieces.



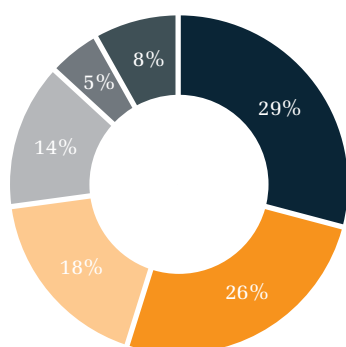
GLOBAL BOARD SURVEY 2015 – THE ANALYSIS



TIME SPEND

Board member's time spend per year, including preparation:

■ 1-10 days ■ 11-20 days ■ 21-30 days
■ 31-60 days ■ 61-90 days ■ > 90 days

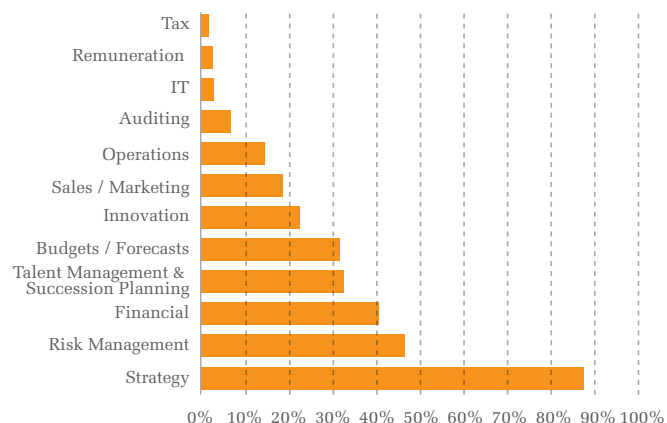


Hence, almost half of all respondents spend in excess of 20 full working days per board position. In a comparison between the past 12 months to the previous 12 months, 42 % of the participants reported that time spend had either increased slightly or significantly. We have no doubt that the work pressure on boards will continue to grow.

ON THE BOARD AGENDA

When asked to list the 3 most important tasks on the board agenda, one item stands out above all; strategy! And where boards previously would simply assess and approve the strategy plan presented by executive management, boards today are deeply involved in the formulation of the strategy plan themselves. Boards prioritise their tasks the following way:

MOST IMPORTANT TASKS ON THE BOARD AGENDA



(* Respondents were asked to choose the 3 most important board tasks, why percentages add up to > 100 %).

We further asked the boards if they had received input / advice from external sources over the past 12 months. A staggering 82 % said yes. Of those having received input from outside, most had received advice on 'hard matters', e.g. legal and tax issues etc. The most important matters were:

AREAS WHERE BOARDS HAVE RECEIVED INPUT /ADVICE FROM EXTERNAL SOURCES / CONSULTANTS



BOARD PERSPECTIVES

Less than 10 % had received input or advice within one or more of the following areas: Remuneration, Public Relations, Marketing, Sales, Crisis Management, Sustainability / CSR, Public Affairs.

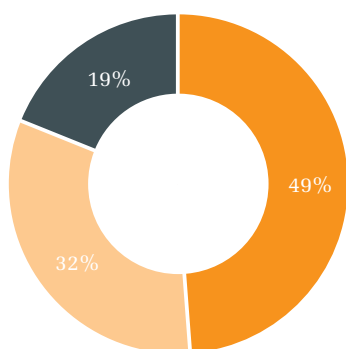
(* Respondents were asked to identify all issues on which they had received input, why percentages add up to > 100 %).

BOARD COMPOSITION

Of the surveyed population just below half reported that they served on boards with a total of 5 board members or less. One third served on boards with 6-9 board members, and a sixth served on boards with 10 board members or more.

NUMBER OF BOARD MEMBERS

■ 1-5 board members ■ 6-9 board members ■ 10 board members or more

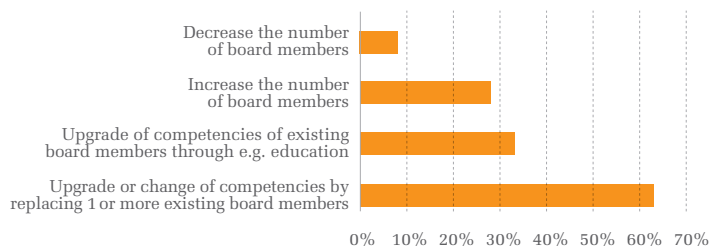


Cross-referencing, we see a close link between the size of company and size of board as well as between ownership structure and size of board. Thus, there is a clear majority of smaller boards in family and otherwise privately held companies with a larger presence of larger boards in public listed companies. Similarly, companies with an annual turnover < USD 25 M are usually the ones with boards consisting of five people or less.

63 % said that they were on boards that also had executive directors. 37 % were on boards that are independent of daily management. We note that in some countries surveyed, executive directors are prohibited by law or at least unlikely due to corporate governance guidelines. However, the relatively large proportion having executive directors on their boards likely reflects on a number of the other survey questions.

When looking into the future, 2/3 of all respondents recognise that their boards need an upgrade to meet future challenges. Of those confirming, the expected upgrade would be:

2 OF 3 RESPONDENTS RECOGNISE THAT THEIR BOARDS NEED AN UPGRADE TO MEET FUTURE CHALLENGES BY:

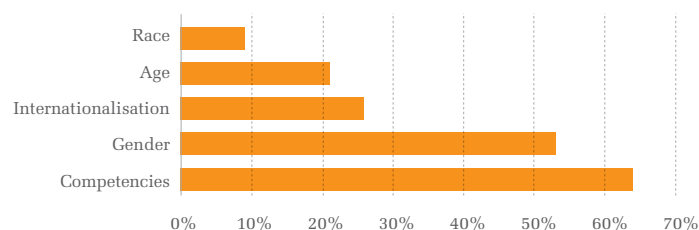


(* Respondents were asked to name all the options they were considering in terms of expected upgrade of competencies, why percentages add up to > 100 %).

In terms of how board recruitment is done, only 28 % said they have a formal process (e.g. mandatory use of executive search) in place. With increasing documentation requirements from e.g. the EU in relations to how gender equality is tracked and measured, we expect this number to increase drastically in the future among all listed companies as well as all publicly owned entities.

Responses further display that pressure for diversity has already set its mark. 43 % says that board composition has been influenced by increased diversity focus. Of those confirming this, 64 % says that diversity in competencies has been a driver, 53 % says that gender diversity has been a driver, 26 % that internationalisation has been sought, while 21 % has looked for greater age diversity. 9 % has looked for greater race diversification.

43% SAID THAT BOARD COMPOSITION HAD ALREADY BEEN INFLUENCED BY INCREASED DIVERSITY FOCUS WITHIN:



(* Respondents were asked to name all the diversity considerations they had gone through, why percentages add up to > 100 %).

BOARD PERSPECTIVES

So how is the actual gender equality progressing according to the Global Board Survey 2015? Undoubtedly, the survey's broadly widespread population across geographies, size, industries and ownership structure reflects that only little progress is achieved on this subject. Where we in most countries see a very high level of recognition of the urgency needed on the matter amongst the larger companies (typically stock exchange listed), the acknowledgement of the value of greater gender equality is very often simply not there amongst SMEs. Thus, our survey shows a poor 18 % female representation amongst the survey participants.

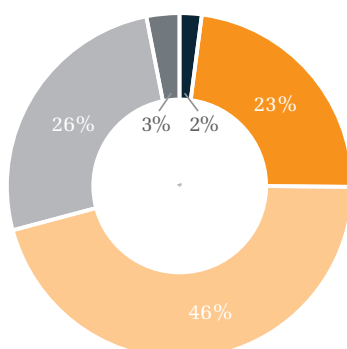
These 18 % are despite the high level of media attention, the governmental equality initiatives ongoing across most of the globe, the worldwide statistics that shows that more women than men now achieve higher educational degrees, and the large number of empirical data from trustworthy sources like McKinsey & Co, Credit Suisse, Catalyst a.o. which prove that companies with more diverse leadership teams and supervisory boards generally perform better financially than the more homogeneous ones. However, as with most governance and leadership trends, development typically starts with the larger, more mature and more sophisticated organisations, and we do not doubt that this is one of the areas in which boards in the coming 3 years will develop the most.

BOARD EFFECTIVENESS

We asked respondents to rate the quality of the board's overall performance. The great majority with 46 % (as well as the average and the median) of boards received the rating 3 ("good"). 2 % were rated as 1 "requires significant improvement" and 23 % as 2 ("requires improvement"). 26 % rated 4 ("very good") and only 3 % rated 5 ("excellent").

BOARD'S PERFORMANCE

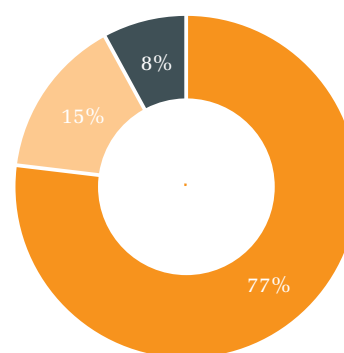
■ Requires significant improvement ■ Requires improvement
■ Good ■ Very good ■ Excellent



With these numbers in mind, one might find it surprising that still only 47 % of all boards perform regular board evaluations. This is definitely expected to change in coming years. However, of those performing regular evaluations of board performance, a strikingly high 77 % performs the evaluation every year with 15 % doing it every other year, while the remaining 8 % either could not tell for sure or perform them every third year or less.

FREQUENCY OF BOARD EVALUATIONS

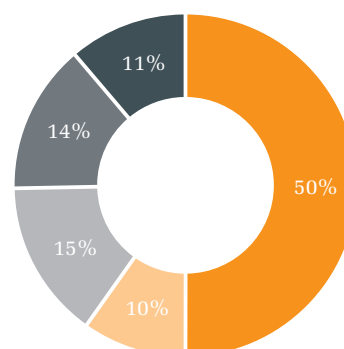
■ Every year ■ Every other year
■ Every third year or less - or unsure of frequency



Exactly 50 % of those measuring board performance, do so as a self-evaluation with 10 % having external consultants helping them, and another 15 % doing the evaluation as a combination of the two. 14 % said that it varies from time to time, and 11 % were unsure of how the evaluation is being performed.

HOW BOARD EVALUATION IS DONE

■ Self-evaluation ■ By external consultants
■ Combined self-evaluation and with aid from external consultants
■ Varies from time to time ■ Unsure of procedure

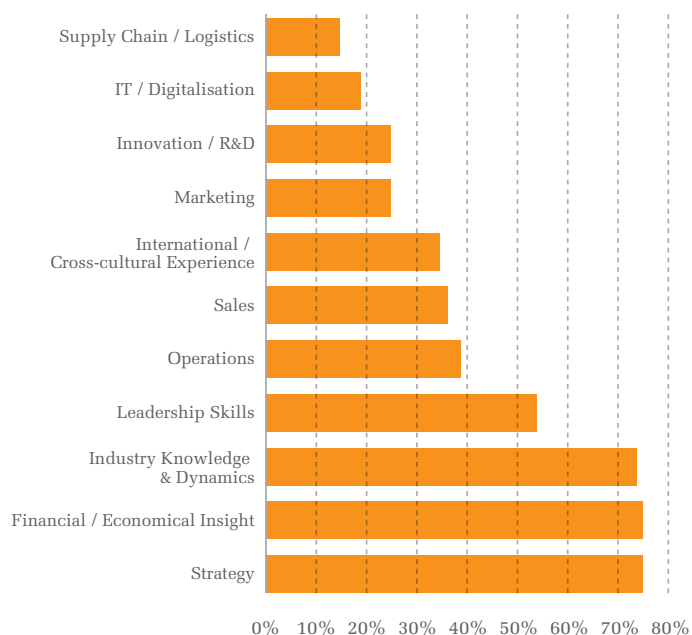


BOARD PERSPECTIVES

We also asked respondents to name the competencies they found sufficiently present on the board considering the company's strategy and financial situation right now. 75 % said that Strategy was covered, and another 75 % that Financial / Economical Insight was sufficiently present. 74 % judged Industry Knowledge And Dynamics to be covered, and 54 % that Leadership Skills were sufficiently present. 39 % felt comfortable with the skills of Operations, while 36 % said the same about Sales. 35 % confirmed that International / Cross-cultural Experience was covered, and another 25 % that Marketing was sufficiently represented – at the same level (25 %) of Innovation / R&D. However, only 19 % thought IT / Digitalisation to be reasonably covered and a poor 15 % were satisfied with the board's combined competencies within Supply Chain / Logistics.

The latter two seem alarming considering the increasing globalisation with much more complex supply chains to follow as a result, as well as the broadly accepted expectations to the future that all companies face increased digital challenges as well as opportunities. These are the two areas within which we expect much greater focus in the years to come when it comes to identifying new board members' competency profiles.

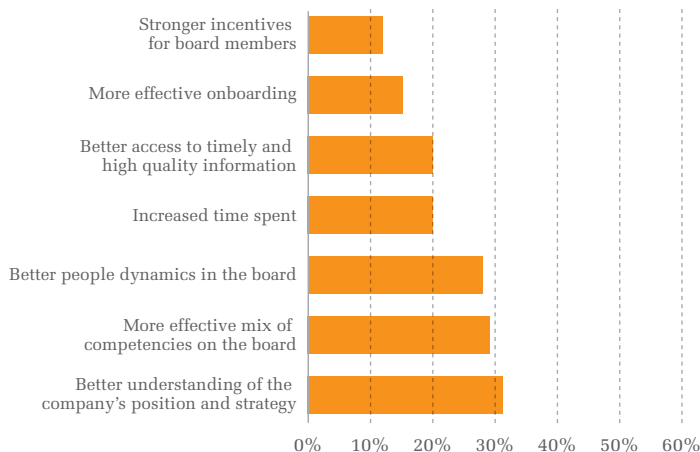
COMPETENCIES SUFFICIENTLY PRESENT ON THE BOARD TODAY



(* Respondents were asked to name all the competency areas they found sufficiently present on the board, why percentages add up to > 100 %).

Finally, we asked respondents to name the 3 factors that in their opinion would best improve the overall performance on their board. The results were as follows:

FACTORS THAT WOULD IMPROVE THE BOARD'S OVERALL PERFORMANCE



(* Respondents were asked to name 3 factors that could best improve the board's performance, why percentages add up to > 100 %).

It seems striking that 56 % look for a better understanding of the company's position and strategy – not least taken in to context that a majority feels well positioned to be more optimistic for the future compared not only to the performance of the company in the past but also to the expected performance of the closest competitors (ref. below).

The other numbers from this question may also challenge a bit what has already been evidenced elsewhere in terms of e.g. the need for upgrading of competencies and how well functioning (or effective) they judged their boards to be. However, this might be a result of respondents not necessarily being dissatisfied with their boards but rather how they could see their boards going from good to great.

CHALLENGES AND DISRUPTIONS

Respondents were asked to identify both the 3 most important internal challenges and the 3 most important external challenges that the company is facing right now.

BOARD PERSPECTIVES

On the potential internal issues, the 4 classic operational tools come out over everyone else: Strategy, Sales, People and Cash-flow rank highest. The total results were as follows:

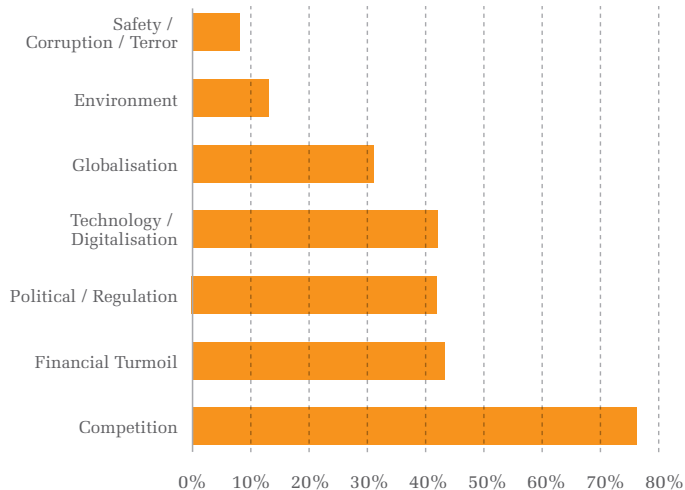
MOST IMPORTANT INTERNAL CHALLENGES RIGHT NOW



(* Respondents were asked to name the 3 most important internal challenges, why percentages add up to > 100 %).

On the potential external issues, another 4 usual suspects appear; Competition, Financial Environment; Legal & Political Issues and Technology are the drivers that respondents find most challenging for their companies. The total results were:

MOST IMPORTANT EXTERNAL CHALLENGES RIGHT NOW

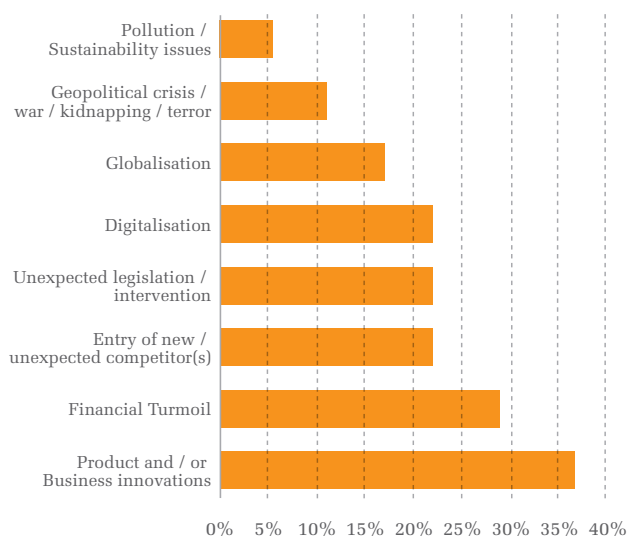


(* Respondents were asked to name the 3 most important external challenges, why percentages add up to > 100 %).

As mentioned in the introduction above, these are disruptive times for companies and their boards. A number of disruption scenarios have surfaced while others will surface in the future. This imposes a special demand for agility on the boards and the executive management teams in order to keep their ships afloat during the turmoil and for the best performers; to take advantage of the implied opportunities in front of their competitors.

We asked what kind of disruption scenarios respondents' boards had already had to deal with over the past 24 months. Only 18 % said that they had not been facing any disruptions, while the overwhelming majority of 82 % named many different ones:

EXPERIENCED DISRUPTION SCENARIOS IN THE PAST 24 MONTHS

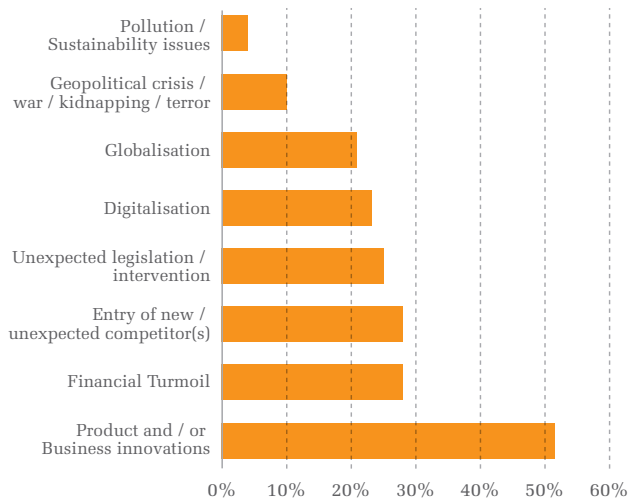


(* Respondents were asked to name all the scenarios they had faced, why percentages add up to > 100 %).

Not less interesting were the responses to the question of what kind of disruption scenarios respondents' boards are expecting/preparing for having to deal with over the coming 24 months. On this question, only 12 % said that they did not expect any disruptions in the future. The remaining 88 % said they expected one or more of the following scenarios:

BOARD PERSPECTIVES

EXPECTED DISRUPTION SCENARIOS FOR THE COMING 24 MONTHS



(* Respondents were asked to name all the scenarios they were foreseeing, why percentages add up to > 100 %).

On almost all parameters, more respondents expect to face disruptions in the future than those who have already seen them in the past – most significantly within the area of Product and/or business model innovation. Hence, even though most respondents seem optimistic for the future (ref. below), there are significant issues to map, analyse and prepare for – either in terms of risk transfer/risk financing/risk mitigation – or in terms of leveraging on the opportunities that can and will arise when technologies, business models, companies, markets and industries are suddenly facing disruption. Agility, flexibility and divergent thinking will be the prerequisites – and once again this appeals to further boardroom diversity.

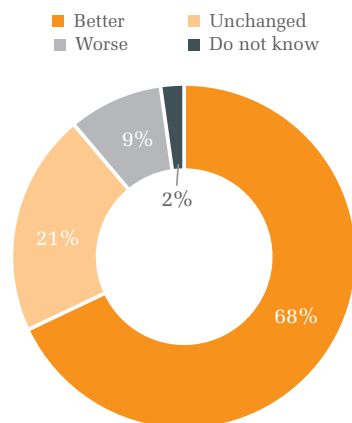
EXPECTATIONS FOR THE FUTURE

Whether or not, companies today are acting proactively or reactively – or more bluntly put; with their own strategy as their headlight or rather trying to adopt to market conditions, their pattern of behaviour in the boardroom as well as their expressed expectations for the future are strong indicators of what the future beholds for all of us; growth scenarios or economies in distress?

We asked our survey participants what their expectations are for the company’s financial outlook for the coming 24 months compared to the past 24 months. A strong voice of 68 % expressed an optimistic “better”, with 21 % at “unchanged” while only 9 % expected

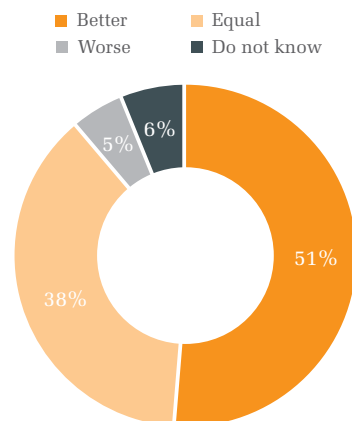
the situation to get “worse”. 2 % did not know. Further, we asked them what their expectations are for the company’s financial outlook for the coming 24 months compared to that of their closest competitor(s). Again, the majority were optimistic with 51 % expecting to do “better” than their peers. 38 % deemed the outlook as “equal” to the competitors while only 5 % expected to be doing “worse”. 6 % did not know.

EXPECTATIONS FOR THE COMPANY’S FINANCIAL OUTLOOK FOR THE COMING 24 MONTHS COMPARED TO THE PAST 24 MONTHS



In terms of expected regulatory initiatives that could impact the board’s work in the coming 12 months, 51 % had no such expectations. 31 % expects legislation/regulation to come re. governance, 19 % re. reporting, 14 % re. diversity, 12 % re. board evaluations, 8 % on shareholders’ rights, 8 % on composition, 4 % on remuneration and 3 % on stewardship.

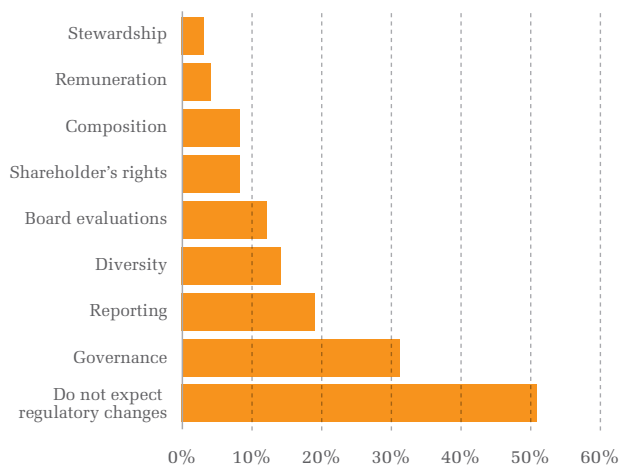
EXPECTATIONS FOR THE COMPANY’S FINANCIAL OUTLOOK FOR THE COMING 24 MONTHS COMPARED TO THAT OF THEIR CLOSEST COMPETITOR(S)



(* Respondents were asked to name all the options they were foreseeing in terms of expected legislation/regulation, why percentages add up to > 100 %).

BOARD PERSPECTIVES

EXPECTATIONS OF REGULATORY CHANGE IN THE COMING 12 MONTHS THAT COULD IMPACT THE BOARDS WORK



CONCLUSION

Accepting a board position today, be it as Chairman, Vice chair, Senior/Lead Independent Director or as an ordinary board member, assuming the role will be on a different mandate than a decade ago. Across the globe, board work is rapidly undergoing professionalisation that entails enlarged responsibility, increased liability, more time spend and a closer involvement with the company, its executive management and the rest of the operation. It is no longer a mere honorary position, but a real job to accept the election to a board.

Where, in the past, your training as a board member was through “apprenticeships” where you would seize your inspiration and education from your chairman and your peers, today formal board education is available as executive education modules in most countries. Professional directors associations, like Board Network – The Danish Professional Directors Association, are established in a vast number of countries and there is an extensive collaboration going on between the institutes from country to country.

Finally, there is a very wide and genuine recognition on what the future beholds of demands to the boards. Regulation and legislation will increase, shareholders are getting more active and demand full transparency, new stakeholders expect to be heard too, and business is changing at a never-ending accelerated pace. New technology, more interconnectivity, greater transpar-

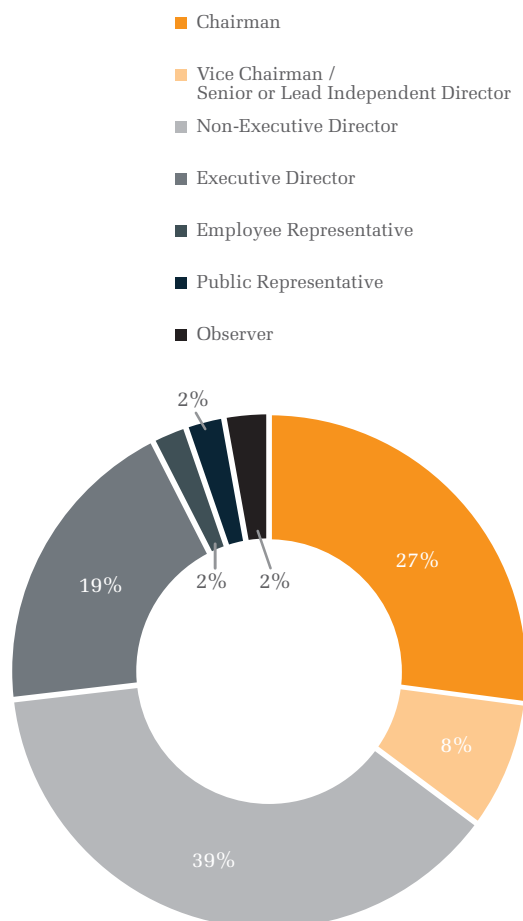
ency, more complex supply chains imply that your cutting edge product of today can very easily be surpassed by the introduction of a new service tomorrow. Just think of a telephone answering machine a few years ago – today such product no longer exists but is available as a service via our phone subscriptions.

We have no doubt that heterogeneity in the boardroom will prevail, and leave the homogeneous old-time boards behind. Diversity in competencies, in age, in nationalities and in gender are crucial for the boards to suit up for the future demands. It is a new time and a new agenda. It is Boards in a Disruptive Age.

SURVEY POPULATION

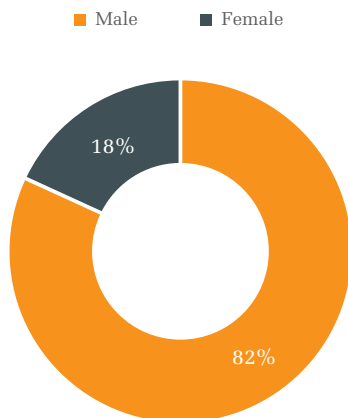
As referenced above, the Global Board Survey 2015 has had a very widespread respondent population with 582 people participating from 43 countries on all populated continents.

RESPONDENT PROFILE

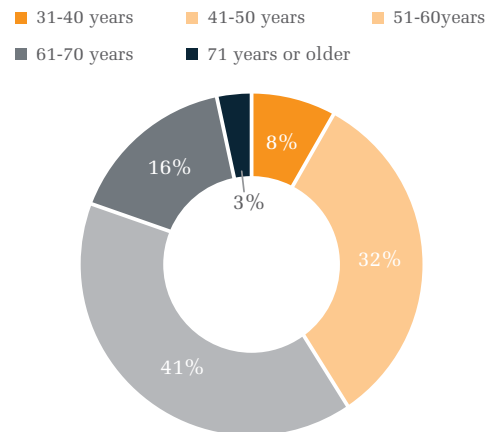


BOARD PERSPECTIVES

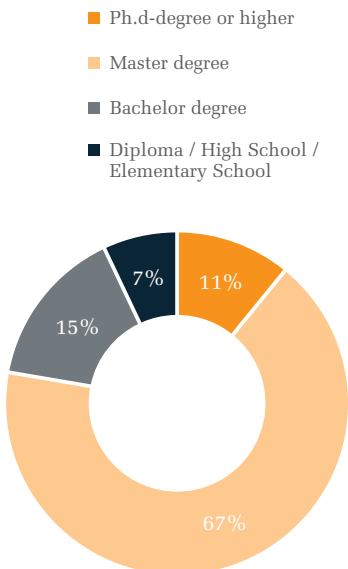
GENDER REPRESENTATION



AGE REPRESENTATION

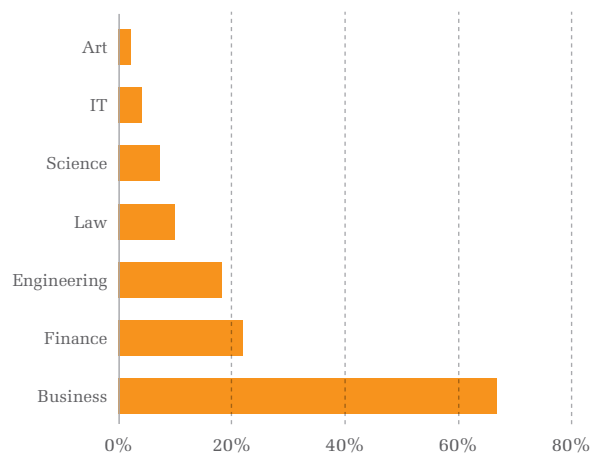


LEVEL OF EDUCATION

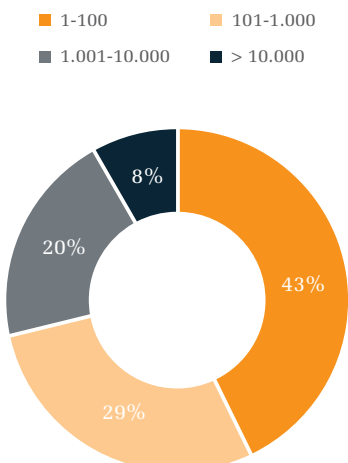


FIELD STUDY

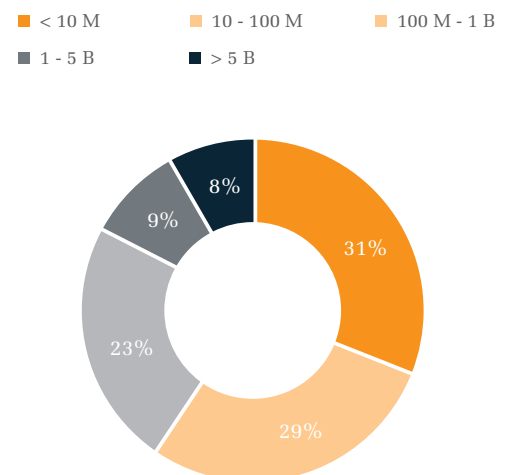
(*Some respondents carry more than 1 degree, why percentages add up to > 100)



NUMBERS OF EMPLOYEES

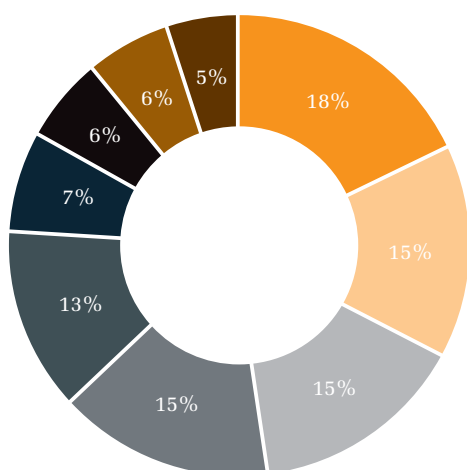
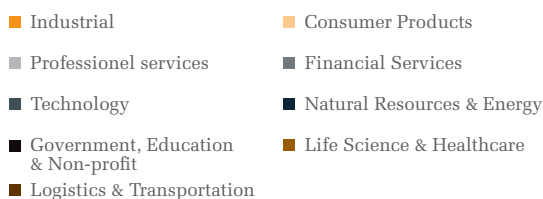


ANNUAL TURNOVER IN US DOLLARS

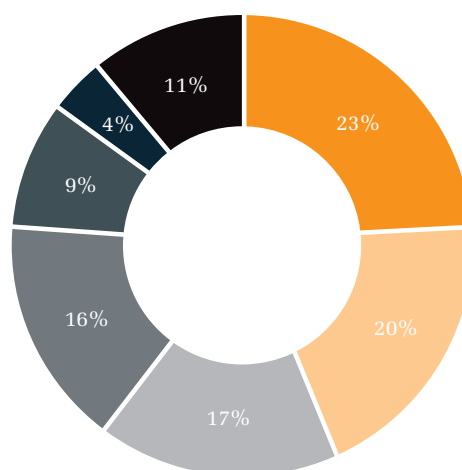


BOARD PERSPECTIVES

INDUSTRY



OVERNERSHIP STRUCTURE



Thank you

We would like to express our deep gratitude to all survey participants whom have willingly shared their experiences and opinions on the latest trends in the boardroom.

We hope the findings in the Global Board Survey 2015 help inform your thinking about board leadership and governance in the highly competitive, global market-place. We welcome the opportunity to discuss these issues further and to help you strengthen your organization's global impact.

You are welcome to quote the analysis with a clear reference to "Global Board Survey 2015 by InterSearch and Board Network".

Questions are very welcome. Please contact Jakob Stengel, Managing Partner and Global Head of Board Practice, InterSearch at js@caserose.com / +45 21 28 28 82 or Ditte Kirstein Brammer, CEO, Board Network at dkb@boardnetwork.dk / +45 40 12 33 12.

Copenhagen May 2015



Bring on tomorrow

Er din bestyrelse ordentlig sikret? Og forsikret?

Vores viden om det danske forsikringsmarked bygger på mere end 50 års erfaring med underwriting og skadebehandling – og ikke mindst direkte og hyppig dialog med vores kunder! Vi ved, hvad vores kunder står over for i dag – og vi ved, hvad de sandsynligvis vil stå over for i morgen. For direktion-, bestyrelse- og ledelsesmedlemmer har vi blot at sige: Bring on tomorrow! Besøg os på www.aig.dk



Bring on tomorrow

AIG Europe Limited, Osvald Helmuhs Vej 4, DK-2000 Frederiksberg, Danmark Tel.: (+45) 9137 5300 Fax.: (+45) 3311 3340.
Dansk filial af Forsikringselskabet AIG Europe Limited, (CVR 34 61 76 94), Registreret i England og Wales. Company number: 01486260
The AIG Building, 58 Fenchurch Street, London EC3M 4AB, United Kingdom.

BOARD PERSPECTIVES

Board Perspectives udgives af:

Board Network, The Danish Professional Directors Association

Bredgade 67, DK-1260 København K

CVR.nr. 34457026

Tlf. 40 12 33 12

www.boardnetwork.dk

info@boardnetwork.dk

Ansvarshavende chefredaktører:

Ditte Kirstein Brammer, dkb@boardnetwork.dk

Jakob Stengel, jsh@boardnetwork.dk

Bidragyder i dette nummer:

Michael Camphausen, Partner, Advokat, Ph.D.

i CamphausenWalldén Advokatfirma



Jakob Stengel, *cand.jur.*, har i 17 år beskæftiget sig med Corporate Governance samt ledelsesrådgivning, først 10 år i den finansielle sektor, og de seneste 7 år som konsulent og partner hos flere af headhunterbranchens mest fremtrædende, internationale aktører, i dag i regi af Case Rose / InterSearch (www.caserose.com). Jakob virker tillige som bestyrelsesformand og -medlem i en række danske bestyrelser, samt som ekstern foredragsholder i en række sammenhænge.



Ditte Kirstein Brammer, *cand.merc.*, har i 18 år rådgivet ledelser på topniveau om strategi og forretningsudvikling i både store og mellemstore virksomheder, såvel i Danmark som internationalt bl.a. i McKinsey & Co og Copenhagen Consulting Company.

I dag driver Ditte rådgivningsvirksomheden Brammer & Co (www.brammerco.com) og er tillige bestyrelsesformand og -medlem i en række danske bestyrelser samt underviser i Strategi på CBS.

Ditte indtager rollen som Adm. Direktør i Board Network.