

# How will Deloitte's Corporate Governance HealthCheck help you?

## What are the benefits of the Corporate Governance HealthCheck?

- an independent check conducted by experienced governance professionals
- a concise yet informative report identifying strengths and weaknesses across your existing corporate governance framework and practices
- assists the making of informed business decisions
- valuable input into action plans to close gaps or achieve better practice
- provides a mechanism for raising key corporate governance issues to the Board of Directors
- a re-useable tool that can be embedded to monitor the health of corporate governance practices over time
- Equips management with the necessary details to discuss governance related issues with key stakeholders

The financial crisis has revealed severe shortcomings in corporate governance. When most needed, corporate governance often failed to provide the checks and balances that companies need in order to cultivate sound business decisions.

(OECD, 2009, "[Lessons learned from the financial crisis](#)").

## Other Deloitte risk and governance tools



### Risk Management HealthCheck

Risk Management HealthCheck helps organisations map their risk management framework against Deloitte's nine principles of risk management.

### The Centre for Corporate Governance Luxembourg

Promoting dialogues in the critical area of corporate governance among industry bodies and their Boards and stakeholders, it is accessible at [www.deloitte.com/lu/governance](http://www.deloitte.com/lu/governance)

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# Deloitte.

## Corporate Governance HealthCheck

How healthy is your corporate governance framework



# A roadmap for achieving excellence in corporate governance ...

Achieving a robust corporate governance framework is key to most organisations. Deloitte's Corporate Governance HealthCheck assists in the identification of the improvement opportunities to help achieve this goal.

"The financial crisis has revealed severe shortcomings in corporate governance. When most needed, corporate governance often failed to provide the checks and balances that companies need in order to cultivate sound business decisions" (OECD, 2009, "Lessons learned from the financial crisis"). There is increased pressure on companies to improve their governance practices. There is more scrutiny than ever on the robustness of Board processes and practices. Directors are expected to actively participate in company's activities and seek comfort they are fulfilling their oversight duties. Boards now focus on improving their corporate governance structure to encourage full and frank disclosure. Deloitte's Corporate Governance HealthCheck assists organisations to identify the barriers to achieving this goal.

Deloitte's Corporate Governance HealthCheck assesses the effectiveness of a corporate governance framework against a better practice maturity model. Applying our extensive governance experience we have developed a framework that assists organisations to identify corporate governance strengths and weaknesses. This information enables us to assist improve corporate governance practices and performance, assisting organisations along the road to achieving excellence in corporate governance.

## Deloitte's nine dimensions of corporate governance...

	1. Informal	2. Specialist areas	3. Top down	4. Structured	5. Intelligent
Board processes, policies & infrastructure	No documented Board packs, minutes, policies and charter. Board meetings are rare and uncoordinated. No director induction or training.	Limited Board packs, minutes, policies and charter. Board meetings are irregular and uncoordinated. Limited director induction and training.	Basic Board packs, minutes, policies and charter. Board meetings are regular but uncoordinated. Some director induction and training.	Appropriate Board packs, minutes, policies and charter. Board meetings are regular and coordinated. Frequent director induction and training.	Comprehensive Board packs, minutes, policies and charter. Meetings are regular and coordinated. Comprehensive director induction and training.
Strategic development & direction	No formal coordinated setting of the organisation's vision, mission, strategy & objectives. No consultation with management.	Limited strategic direction but no clear link to business objectives performance measures or risk management framework. No consultation with management.	Some development and communication of strategy, with some links to performance measures and risk framework. Some consultation with management.	Strategy is adopted by all business units, linked with risk framework and integrated into performance management. Some consultation with management.	Comprehensive strategy that is embedded into the business and incorporates management. Regularly updated to reflect changing operational and risk environment.
Board structure & composition	No leadership or understanding of the business context. No director independence. No review of Board effectiveness or composition.	Limited leadership or understanding of the business context. Limited director independence. Limited review of Board effectiveness or composition.	Some leadership or understanding of the business context. Some director independence. Some review of Board effectiveness or composition.	Appropriate leadership and understanding of business context. Majority of directors are independent. Appropriate review of Board effectiveness or composition.	Comprehensive incorporation of business context into decisions. Majority of directors are independent. Comprehensive Board effectiveness or composition review.
Communication with stakeholders & management	There is no stakeholder engagement. No communication with management team.	There is limited stakeholder engagement and communication with management team.	There is regular communication with stakeholders and management team.	There is a stakeholder communication plan in place. There is frequent communication with stakeholders and management team.	Communication with stakeholders is of key concern and continuously implemented through the organisation. Comprehensive communication with management team.
Risk governance & committee	No risk committee. Risk management not incorporated into Board processes.	No risk committee. Internal audit incorporates risk management framework in their reviews on an ad hoc basis. Limited Board involvement.	Risk committee exists (in some form). Internal audit provides formal assurances to the Board of the validity of all aspects of the framework.	Stress tests of qualitative and quantitative factors to assess the validity of the risk management framework. Risk committee regularly reports to the Board.	Risk framework contains embedded validation and assurance and all high risks are immediately reported to the Board.
Risk reporting framework & appetite	No risk management framework or reporting. The organisation's risk appetite has not been set by the Board.	Limited risk reporting but no formal framework, the risk appetite has been established on an ad hoc basis.	Basic risk management framework exists and some risk reporting to the Board occurs. The risk appetite is set but not uniformly applied.	Appropriate risk management framework and reporting which is uniformly applied. Risk appetite is set and communicated throughout the organisation.	Comprehensive risk management framework and board risk reporting which is fully integrated throughout the organisation. Risk appetite is appropriate.
Financial reporting	No formalised management reporting of financial information to the Board. No interaction with the Audit committee.	Some financial reporting formally defined for management with limited monitoring and approval by the Board.	Some monitoring and approvals by the Board of financial reporting. Supports some decision making.	Financial reporting is monitored and approved by the Board regularly and supports decision making.	Financial reporting is integrated into key decisions and continuously monitored and approved by the Board.
Remuneration committee & framework	There is no formal remuneration framework or processes and no remuneration committee exists.	There is no committee but the Board performs some remuneration duties. Remuneration policy exist but not appropriately applied.	Remuneration committee exist and monitor the application of remuneration policy. Limited demonstration of the link between performance and remuneration.	Formal remuneration framework and committee exist, KPIs derived from business operations but there is some links to performance.	Clear remuneration framework with committee & policy that is reviewed regularly and ensures clear relationship between performance and remuneration.
Audit committee & charter	No audit committee or processes in place to raise issues with integrity of the financial information of the organisation. No charter in place.	No audit committee but the Board performs the role of the ensuring the integrity of the financial information to a limited extent.	Audit committee exists but has limited interaction with the Board.	Audit committee exists and interacts with the Board to ensure they are informed of the integrity of the financial statements.	Audit committee continuously interacts with the Board to ensure at all times they are aware of the integrity of the financial statements.
	Developmental	Transitional/progressive		Optimal	
	Immature				Mature

# How healthy is your corporate governance framework?

## Corporate Governance HealthCheck

Using Deloitte's Corporate Governance HealthCheck, we will map your information will assist to improve business decisions, identify any communication gaps, streamline accountability structures and Board alignment, improve Board reporting and assess your risk management processes. The approach of a typical engagement is demonstrated below:



By assessing your framework against our criteria we can holistically demonstrate the maturity of your organisation and highlight opportunities for improvement, as demonstrated below.

