



Board Charter Guide

Corporate Governance for Micro, Small and Medium Sized Enterprises (MSMEs)

Part of the Pearl Initiative's
Corporate Governance Fundamentals



Board Charters

A board charter is a policy document that defines the respective roles, responsibilities and authorities of the board of directors (both individually and collectively) and management in setting the direction, the management, and the control of the organisation.

How to Use this Document

This guide is part of Pearl Initiative's Corporate Governance in MSMEs programme. The goal of the programme is to provide the Micro, Small and Medium Sized Enterprises (MSME) community with tools and references that will support them implement practical and effective corporate governance capabilities commensurate with their specific internal requirements. Structured and cost-effective internal corporate governance capabilities will often enhance the efficiency, productivity, and resilience of any business, and allow leadership to maintain control yet focus on key business requirements such as strategy and growth.

We recommend that each business adopting this template independently evaluates and adjusts specific details in line with their business, operational, strategic and industry needs.

For more information on this programme please visit: www.pearlinitiative.org.



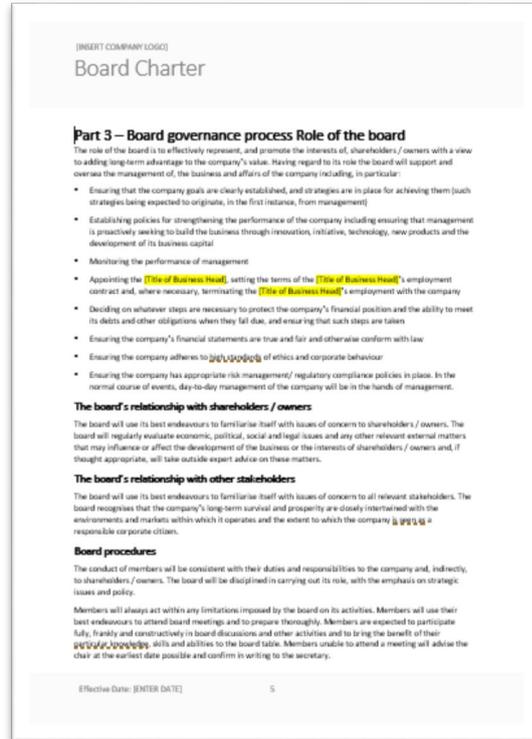
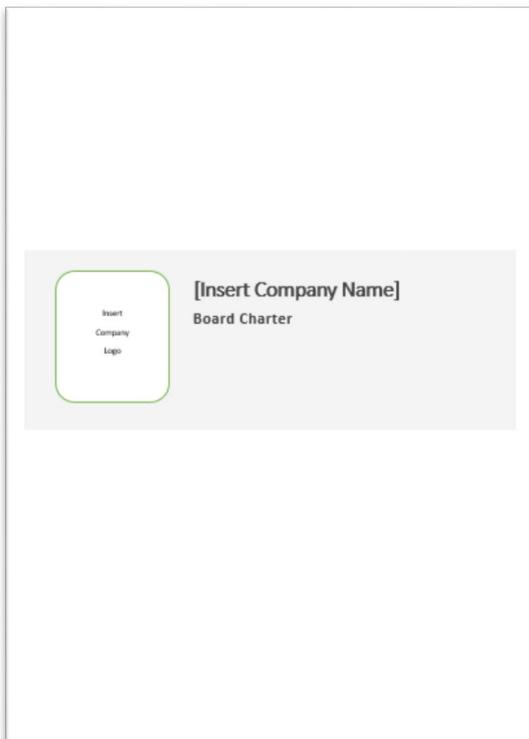
Board Charters

The Pearl Initiative Board Charter

A board charter defines and formalises some of the key responsibilities and accountabilities that a business's Board will have. While a Board Charter will vary between most organisations, most will address key topics such as the responsibilities of the board, details on the Board structure, and the characteristics and experiences that the Board need to bring to the business.



Scan, tap or click on the QR Code to the right to download a free copy of the Pearl Initiative Business Procedure Template.





Board Charters

Instructions

Below are some tips on identifying suitable individuals to serve on your Board.

- Find individuals that complement and fill areas where your company is currently lacking:
Individuals who serve on your board are those who have specific experience in areas where you may be lacking in based on the context of your organization, i.e. if you are planning to launch an IPO, then introduce someone on your board with experience in this area; if you are opening a new retail establishment, then introduce someone on your board with experience in malls.
- Consider Board members from other industries
Board members don't necessarily have to be from within your industry. In fact, introducing board-agnostic individuals to the board will help address some concerns over competition and provide some assurances towards the preservation of your company's intellectual property.
- Determine suitable board compensation
Compensating board members helps attract and retain qualified and experienced personnel on the board and strengthen the concept of loyalty to the company. The remuneration offered should be structured to appropriately align business interests to promote value creation in the company and underpin the company's short-term and long-term strategy and objectives.
- Recruit experts with board experience
Individuals who have served on other boards in the past should already know what is required as part of their role on the board.
- Manage the size of the board of directors
Keep the board small and focused and try to keep an odd number of board members to avoid deadlocks. Ensure that at least a portion of the board is clearly independent and are not related to, or under the direct influence of, any prominent members of the company.
- Select people who can fully participate
Select people who can dedicate a sufficient amount of time to your company and are dedicated enough to meet face-to-face for important or unexpected issues as they arise.