

The Role of the Board

Overview

The board is the principal decision-making body of an organisation. The board's non-executive directors, trustees, or governors take decisions about the organisation's strategic direction and have oversight of its activities.

These responsibilities are set by law and in the organisation's governing document, such as its Articles of Association or Constitution. Whilst the law sets the framework for director, trustee and governor duties and responsibilities, the governing document provides more detail on the organisation's core purpose, the specific authority of the board and how the board is accountable to others.

The functioning of the board is the responsibility of the chair. The chair's role is to provide the leadership that enables the board to be effective as the organisation's highest decision-making body. This is not just achieved through directing the flow and focus of the meetings but also building relationships and undertaking the preparations that create the conditions under which the directors can have productive group discussions. To do this, the chair has a close working relationship with the governance professional, who often reports into them on governance matters.

While day-to-day management of the company is delegated to executives, the board retains ultimate responsibility and oversees the performance of the executives, promotes effective decision-making, enhances stakeholder relations, and supports the company's strategic goals.

Key Responsibilities of the Board

The board's role encompasses a wide range of responsibilities that ensure effective corporate governance, from developing strategy and overseeing financial reporting to managing risk and engaging with shareholders.

- 1 Developing and Approving Strategy**

The board is responsible for setting the organisation's strategic direction, ensuring it aligns with long-term goals and shareholder value creation. This includes developing, reviewing, and approving organisational strategies, business plans, and major initiatives. By overseeing the strategic decision-making process, the board ensures that the organisation's objectives are consistent with its mission and vision.
- 2 Financial Reporting and Disclosure**

The board must ensure the accuracy and transparency of the organisation's financial reporting. It is tasked with reviewing and approving financial statements in compliance with accounting standards and regulatory requirements. Reliable financial disclosure helps foster trust among shareholders and other stakeholders, as it provides insight into the organisation's performance, profitability, and risks.
- 3 Committee Oversight**

Boards typically delegate specific responsibilities to specialised committees (e.g., audit, remuneration, and nomination committees). However, the board retains overall responsibility, ensuring these committees operate within their mandates, fulfil their duties, and report back effectively.
- 4 Managing Board Composition**

A well-composed board supports informed decision-making and effective oversight. The board manages succession planning, identifies qualified nominees, and reviews member performance. Ensuring diversity, expertise, and independence within the board contributes to robust governance and forward-thinking strategies.



5 **Developing Remuneration Policies**

The board, often via a dedicated remuneration committee, establishes a policy for executive remuneration, which must be approved by shareholders, typically every third year. Executive remuneration packages must align with the organisation's performance and shareholder interests, ensuring they are competitive, fair, and reflective of long-term goals.

6 **Shareholder Engagement**

For companies, ongoing dialogue with shareholders helps understand their perspectives, concerns, and expectations. The board facilitates this communication by engaging with institutional and other investors, addressing shareholder activism, and maintaining positive investor relations, particularly in public companies.

Resources:

CGI Training Course:
[Risk Appetite, Ownership and Management Masterclass](#)

CGI Training Course:
[Board and Committees – how to build an effective governance framework](#)

CGI Guidance Note:
[Matters reserved for the board](#)