



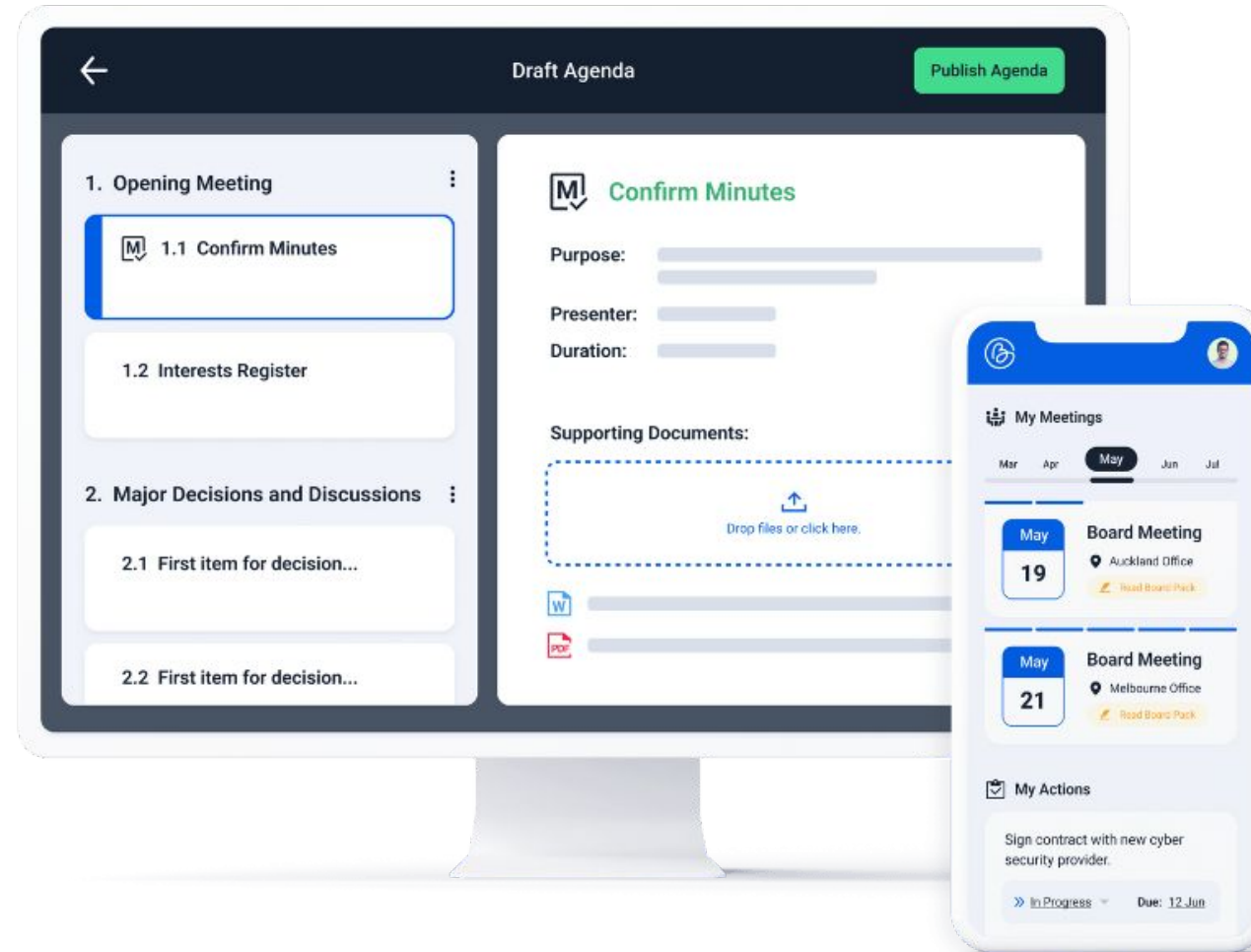
**Webina
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The Governance Grey Zone: HR Oversight

With Special Guest Miranda V. Flury









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enjoy the conversation**



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Agenda

01

What creates Governance Ambiguity?

02

HR Oversight as a Governance Grey Zone

03

Take-Aways





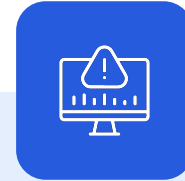
What creates ambiguity in governance?



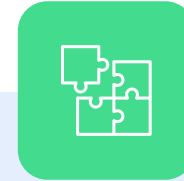
Evolving thought
leadership



Regulators likely
won't be
prescriptive



Inadequate
policies, terms of
reference or
charters



Collective skillset
on boards

→ Verb overload!

Develop

Participate

Monitor

Oversee



Before we talk about the grey zones...

Context matters! Complexity in particular.



01

Internal complexity

02

External stakeholder complexity

03

Economic and political complexity



Disclaimer...!

Please note that the regulatory bodies overseeing your business may hold firm and evolving positions on some of the topics discussed today. Each director carries a fiduciary duty to comply with applicable regulatory requirements. Accordingly, directors are strongly encouraged to seek independent legal advice where necessary to ensure alignment with their obligations.





HR Oversight

Examples of distinct roles

Topic	Board's Role	Management's Role
Culture	<ul style="list-style-type: none">• Oversees culture and its alignment with strategy• Sets the tone for the leadership team	<ul style="list-style-type: none">• Develops and manages the right culture for strategy• Sets the tone for the rest of the organization
Compensation	<ul style="list-style-type: none">• Develops and approves CEO Compensation Philosophy	<ul style="list-style-type: none">• Administers compensation practices
CEO Performance Evaluation Process	<ul style="list-style-type: none">• Develop and approves the CEO evaluation process• Administers the CEO eval process (or delegates to a third party)	<ul style="list-style-type: none">• Provides information to the board as requested (corporate performance, updates on goals, self-evaluation, etc.)



HR Oversight

Example pulled directly from a Canadian regulator



Board Roles & Responsibilities

Senior Management Oversight:

Approving the appointment of qualified individuals to senior management positions, monitoring their performance and approving their compensation.



Poll One

Approve the appointment of qualified individuals to senior management positions, means:

1. Receive the name of the individual the CEO plans to hire to any executive positions.
2. Receive the name and qualification summary (resume, accreditations) for senior management roles which are also oversight roles (CFO and CRO only).
3. Receive the name, resume and CEO's rationale of hire to approve all senior management hires.
4. Participate as an observer/advisor in the selection process for all senior management roles.
5. Participate as a co-decision maker to the CEO in the selection process for all senior management roles.
6. None of these.



Poll Two

Choose the question you are most interested in hearing about.

1. What is the board's role (if any) in executive team succession planning?
2. What is the board's role (if any) to weigh in on or approve executive team compensation, including evaluations and raises?
3. When should the board use external HR expertise instead of internal resources?



HR Oversight

Example Principles:

Nose in, Fingers out:

the board's only employee is the CEO, but executive pay, succession and qualifications can bring risk to the organization and thus requires oversight.

01

Right Authority, Right Level:

when possible, the board wants to empower the CEO to do the work, and the board wants to apply a risk lens to review the work.

02

Conflict Awareness and Safeguards:

If internal HR is required to keep a secret from the CEO, hire an external consultant to do the work.

03



Key Take-Aways





Key Take-Aways

01

Unless a regulator specifies, there is a wide range in how to interpret the HR Oversight grey zone

02

Add a governance day each year to review key areas of concern to the board, including gaining clarity on the grey zones

03

Continuously develop principles, refine policies, and processes



References

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Thank you
