

Board performance reviews

Meeting the UK CGI Code of Practice

How Grant Thornton meets the UK CGI Code of Practice for board reviewers

Differentiated offer:

Our board Performance Reviews (BPRs) are distinguished by their evidence-based nature and a methodology designed to uncover insights. We equip boards with evidence-based data, derived from the review surveys and Corporate Governance practice benchmarking, to compare their performance against peers and market best practices. Leveraging insights from our extensive data collection over 25 years (monitoring reporting and interpretation of the UK Corporate Governance Code and UK Listing Rules Requirements), we offer trend analyses, best practice recommendations, and toolkits, to identify areas warranting further attention or investigation.

Methodology:

The methodology applied in our BPRs allows us to surface unique insights. It is framed around both the UK Corporate Governance Code and a DLMA analysis model (Peter Tunjic, 2015), which examines the workings of the board through the lenses of D: Directorship, L: Leadership, M: Management, and A: Assurance; evaluating the balance between these aspects based on the strategy and operating environment. This helps us assess whether the board is in balance and whether it is functioning optimally, creating and preserving future value.

Our offering is further enhanced by leveraging our network of subject matter experts, spanning risk, culture, consulting, and many various industry sectors. These experts are frequently involved to support our work and address specialised requests, enriching the depth and breadth of our capabilities. For example, our extensive experience in BPR's in the financial services sector includes conducting the most Section 166 Skilled Person reviews in the UK.



Typical BPR timeline

Phase 1 – Kick-off (Weeks 1 - 2)

Clear understanding of review objectives, set tone, gain buy-in, introduce methodology, agree communications and delivery plan.

Given sensitivities we ensure we always;

- Maintain confidentiality
- Capture data
- Mitigate bias

Phase 2 – Fieldwork (Weeks 2 - 10)

Comprehensive understanding of the nature of the board's work; examining frameworks, composition, dynamics, processes, and decision-making outputs to assess how these collectively influence tactical and strategic decision-making outcomes.

Various methods are used to capture qualitative and quantitative data; surveys, document reviews, interviews and board and committee observation, providing reference points for evidence and further investigation.

Key stakeholder confidential interviews follow pre-agreed approach and line of questioning. Anonymity encourages openness and allows participants to more willingly share their perspectives which are included in findings in a non-attributable manner.

Phase 3 – Analysis and Roadmap (Weeks 10 - 14)

Consolidate thematic findings, including board strengths and areas for development including a roadmap of recommended actions to be addressed. BPR deliverables include;

- Presentation of findings to the board,
- Draft, followed by Final Report,
- Debrief meeting with the review sponsors, who approve the report.

Where requested, we can also provide further implementation support including learning and development for the board, facilitation and/or more subject matter requests related to risk, reporting, succession etc.



Competence and Capacity

Our BPR team consists of senior, board credible professionals, with 20+ years' experience in conducting governance consultancy and reviews, in addition to sector and subject-matter specific engagements. Senior capability is necessary to ensure proper board engagement and consistency in the quality of our reviews. Our team is well-versed in collaborating with boards at various stages of their strategic development, including times of substantial change or distress.

Independence and Integrity

Aligned with the CGI's Code of Practice for board Reviewers, we ensure we bring an independent perspective whilst remaining objective and unconflicted in our work. We adhere to Grant Thornton's policies and regulatory obligations, and where a conflict of interest or lack of independence precludes us from delivering an independent and objective BPR, we turn down the assignment.

We restrict our BPR relationships with any individual client up to, but not beyond, six years (or two full review cycles and any associated follow-up work). We are supported in the management and mitigation of conflicts of interest by Grant Thornton UK Tax & Advisory LLP's policies and processes. Prior to engaging with, and onboarding clients, our policies and processes play a crucial part in making sure we remain independent, and that all conflicts of interest are identified and managed.

Client Engagements

We value our relationships with our clients. We have a dedicated Business Development team who build and maintain ongoing relationships with new and existing clients. Our approach to client engagements factors in open and continuous communication, keeping our clients informed of any findings as and when, to ensure a 'no surprise' approach, from 'kick-off' to 'close out' meetings. Our clients benefit from a dedicated senior BPR team, and our BPR team value a nominated point of contact within the client with which to address any concerning matters or information which may arise during delivery of the BPR.

Ethics and Independence Standards

Grant Thornton UK Advisory & Tax LLP and Grant Thornton UK LLP (the audit practice) are subject to ethical and independence standards set by the Financial Reporting Council (FRC), the Institute of Chartered Accountants in England and Wales (ICAEW), and the International Ethics Standards board for Accountants (IESBA) together with Grant Thornton International Limited (GTIL) global policies as well as our policies on ethics and independence.

Grant Thornton UK Advisory & Tax LLP and Grant Thornton UK LLP help us to understand our ethical responsibilities by providing clear policies and procedures, efficient and intuitive systems, a strong culture of support and consultation, and regular training and awareness programmes.

Maintaining Independence

Maintaining objectivity and independence is vital to maintaining our reputation as a BPR provider. Grant Thornton UK Advisory and Tax LLP & Grant Thornton UK LLP have a robust system of independence and conflict checks, which we apply, and which are designed to identify potential conflicts of interest at the earliest possible juncture and respond to them appropriately. As a professional services firm which provides a range of non-audit services, we recognise that sources of potential conflict include providing additional services to existing audit clients, acceptance of new clients, provision of other non-audit services to clients and investments held by the firm and staff. The firm has strict restrictions and in some cases prohibitions on their people having financial interests in the firm's clients, and all individuals in managerial roles and above, adhere to these strict restrictions.

Prior to accepting any non-audit service, i.e. a BPR, to any audit or public interest assurance client, approval must be received from the relevant Engagement Leader. This approval is only given after consideration of the permissibility of any service, i.e. scope, the possible threats to Grant Thornton UK Advisory & Tax LLP and Grant Thornton UK LLP independence and the adequacy of any planned safeguards. Consultation with the Ethics Function is required as appropriate.