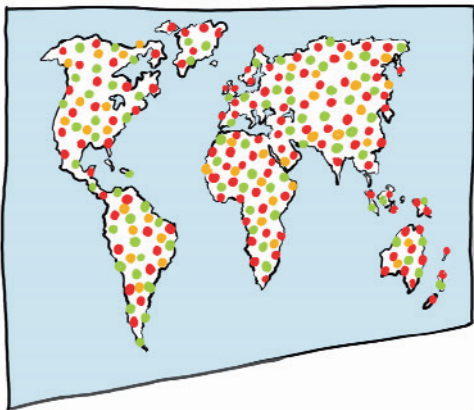


LITTLE BLUE BOOK OF CROSS-BORDER GOVERNANCE



INDEPENDENT
AUDIT LIMITED





LET'S DEFINE OUR
GLOBAL RISK APPETITE



For travellers, crossing borders is often tedious, sometimes fun, but rarely hazardous.

For boards, while the interest – and even excitement – is still there, the complications can quickly take the shine off. Cross-border governance presents major oversight challenges which can lead to the nasty surprises any traveller hopes to avoid.

There are no easy responses. But recognising the challenges at least equips the board to spot what might go wrong.

In this short guide, we highlight some of the things a board needs to bear in mind, to prompt your thinking and help you sharpen up your governance.

Geographical and cultural remoteness

Bear in mind...

Local opinion-formers and stakeholders

The language problem

Ethical and social norms

The impact of hierarchy

The reach of leadership and tone

...so things don't go wrong

...not being understood from a UK-centric perspective

...with some concepts failing to translate, and linguistic hesitation undermining reporting

...differences being underestimated when making assumptions about control culture and responsiveness

...with escalation and reporting across the matrix being undermined by deference

...not extending as far as you think, so the Board's message is missed

Getting the strategy right

Bear in mind...

Economic and political cycles

Understanding the market position

The distortion of distance and time

Recognising the local risks

Knowing enough to challenge

...so things don't go wrong

...hitting at different times in different ways

...when local needs and competition mean different trends and exposures

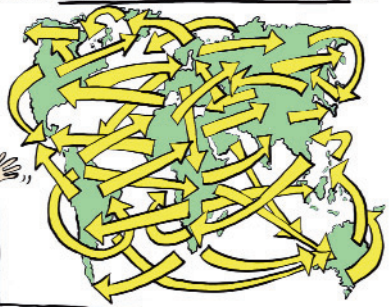
...meaning the pulse reading is unclear

...with compliance, political and social exposures less visible

...with a lack of local insight leading to the wrong decisions

OWNERSHIP AND
ACCOUNTABILITY ARE
MY WATCHWORDS

GLOBAL RESPONSIBILITY MATRIX



FENWICK

Understanding how things are managed

Bear in mind...

Reporting lines crossing borders

Local regulatory pressures

Escalation and reporting across borders

Local regulatory risk

Management and workforce quality

...so things don't go wrong

...adding complexity and confusion to the matrix

...undermining the intended lines of accountability

...weakened by local control expectations or a localised view of what's needed

...where global functional reporting lines overlook the importance of local compliance and governance

...varying in line with local talent pools, undermining assumptions about the control environment

THESE ARE
PERFECTLY CLEAR IN
ANY LANGUAGE SO
THERE'S NO EXCUSE

CORE PRINCIPLES

- COMPLIANCE
- ETHICAL BEHAVIOUR
- ASSURANCE
- AUDIT
- CERTIFICATION
- RISK APPETITE
- RISK TOLERANCE



FENWICK

Getting assurance that things are fine

Bear in mind...

Audit quality in the outer reaches

Appreciation of local political considerations

Visibility of reputation in other territories

Imbalance of materiality versus risk

Attitudes to compliance and risk

...so things don't go wrong

...with inconsistency increasing the chances of control weakness or reporting-related reputation damage

...where lacking, undermining the risk assessment

...with a limited view making it more difficult to anticipate media and stakeholder reactions

...with smaller operations having a disproportionate potential to cause upset

...differing in line with culture, history and politics, creating an expectations gap



Exercising oversight – over what and how?

Bear in mind...

Global Board reach and responsibilities

The global governance structure

Jet lag and airline schedules

Board visits and site-based meetings

The balance and focus of agendas

...so things don't go wrong

...not being evident or exercised so oversight across the business is incomplete

...being unclear and confusing, especially when involving local boards and committees whose priorities and effectiveness might not be fully understood

...meaning that meetings are under strength

...are too stage-managed so don't give insight into what's really going on

...reflecting a UK-centric view, not the geographical make-up of the business and risks

About Independent Audit

Independent Audit Limited is a specialist board and governance consultancy. We help boards know that their governance is working well, and how they can improve it.

We have exceptional experience in board review – and particular expertise in committee effectiveness and risk governance. We understand what boards need and how businesses work, so we get to the big issues without fuss and suggest straightforward, practical solutions.

We can review your overall governance systems, assessing how different parts of the governance structure are working and how well they link up, or look in detail at specific governance, risk and assurance issues. And we assess the effectiveness of internal audit and external audit. We work with organisations of all shapes and sizes and in all sectors.

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