

# **Business Law Department**

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# Corporate Governance

**TO BE PRESENTED:**

**I. Introduction to CG**

**II. Board of directors**

- **Different systems of governance**
- **Board structure of a company**
- **Function of a board and its committees**
- **Roles, duties and responsibilities of its members**

**III. CG emphasizing the board of directors in Macedonia**

# Board of Directors (BD)

Depending on the country and level of development of capital markets:

- One tier
- Two tier

# One Tier

- Unitary board
- Non-executives
- Executives
- All members are elected by the shareholders

# Two Tier

- Dual board
- Supervisory board SB (non-executives)
- Management board MB (executives)
- SB elected by shareholders (other stakeholder, employees)
- MB, as a rule, elected by the SB

# Company Law

- **Is in force since May 2004**
- **Basis for this law:**
  - **EU directives**
  - **OECD documents (OECD principles and the SEE White Paper on Corporate Governance)**
  - **International theory and practice in the area of Corporate Governance**

# **One-tier system**

## **Non-executive and executive directors**

### **article 367 by the Company Law Act**

- ❑ The board of directors has min.3 max.15 members**
- ❑ The members are selected by the assemble**
- ❑ Independent members**
- ❑ Prohibition of competition (duty of loyalty)**
- ❑ Management (executive contracts)**
- ❑ Conflict of interests**

# **Two-tier system**

## **Supervisory and managing board article 374 by the Company Law Act**

- ❑ The managing board has min. 3 max.11 members**
- ❑ The members are selected by the supervisory board**
- ❑ Governing and representing the company**
- ❑ Prohibition of competition (duty of loyalty)**
- ❑ Management (executive contracts)**
- ❑ Conflict of interests**



# **Two-tier system**

## **Supervisory and managing board article 378 by the Company Law Act**

- ❑ The supervisory board has min. 3 max.11 members**
- ❑ The members are selected by the assemble**
- ❑ Supervising the Governing of the company**
- ❑ Representing the company in front the managing board.**
- ❑ Prohibition of competition (duty of loyalty)**
- ❑ Conflict of interests**