

# Press Release

**DATE:** 9 June 2005

**CONTACT:** Eddy Schuermans, Managing Partner Advisory  
Tel.: 02 710 4004, e-mail: [eddy.schuermans@pwc.be](mailto:eddy.schuermans@pwc.be)

Or: Christoph Vanderstricht, Director Advisory  
Tel.: 09 268 82 26, e-mail: [christoph.vanderstricht@pwc.be](mailto:christoph.vanderstricht@pwc.be)

Or: Saskia Rademakers, Marketing & Communications  
Tel.: 02 710 72 48, e-mail: [saskia.rademakers@pwc.be](mailto:saskia.rademakers@pwc.be)

## **(Boards of) Directors take “The Test”**

**A mirror for Belgian boards and (non-)executive directors**

**PricewaterhouseCoopers has developed an assessment tool aimed at boards of directors and (potential) (non-)executive directors of large and medium-sized companies (whether or not listed).**

The tool is aimed at serving as guidance in:

1. developing a risk profile of a board:
  - when invited to join that board as (non-executive) director;
  - to provide candidate (non-executive) directors with information on the profile of the company/board when in search of (non-executive) directors;
2. monitoring a board's performance and its conformance to its rule base, and in assessing the derived risks for each (non-executive) director.

The Test is structured around three key dimensions:

- a personal focus to assist the evaluation process for a candidate director in order to assess to what extent he/she is comfortable with the board and the activities of a company inviting him or her to serve on its board;
- an evaluation of the architecture, structure and organisation of a board and its gravitating bodies and primary relationships with those “bodies”;
- an evaluation of the activities a board of directors (and in fine the individual director) is accountable for, such as defining and monitoring the company's rule base against its risk appetite; providing guidance and setting the overall business strategy; risk management; performance evaluation and stakeholder management and reporting to stakeholders, as well as certain transaction-related tasks.

Eddy Schuermans, Partner at PwC: “PwC developed The Test so that it could be used by a wide range of businesses and not be restricted to listed companies. It is not so much the size of the company but the maturity and the culture of the board of directors that would prompt it to analyse its performance and conformity with the rules and best practices. The need for a review often stems from a requirement of stakeholders, who want to ensure the transparency and effectiveness of the board. The ultimate goal is to be more competitive within a changed playing field.”

In order to cover all of these issues, The Test is based on the corporate governance code of the Lippens Commission, the Belgian Companies Code and PwC’s global best practices in Governance, Risk and Compliance. It takes the different enablers (people, process and technology) into account. The corporate governance code of the Buysse Commission is not yet explicated in The Test, but it will once the final version is ready.

In addition, The Test includes suggestions and comments that are the fruit of interviews with different board members as well as different actors that gravitate around boards of directors. This process is still ongoing and will be finalised in the coming weeks.

Christoph Vanderstricht, Director at PwC: “In spite of the various challenging preambles, most current corporate governance codes primarily focus on the lay-out and organisation of the internal kitchen of the board: its architecture, its structure, its rules of play to organise internal dynamics and its relationship with stakeholders. Our goal in developing The Test goes beyond that point. Corporate governance rules and any other kind of regulations should not serve their own purpose. They create a landscape in which a company is still expected and challenged to improve its performance in the market. Therefore the machinery should not only be present and connected in a transparent and concise way in full conformity with the rules, but it should also deliver what it is made for. As such, our focus in the Test is also on the assessment of the management control and the quality of the food produced in that kitchen. You can have the best machinery and infrastructure in place and still produce low rate products in a lousy way. As such, it is not only about what you have, but even more about what you do with it and how you do it”.

The Test is produced in the form of a CD-ROM accompanied by a book, the structure of which gives a choice of one of the above three dimensions. The limited number of questions makes it easy to use, with no external help being required for the person or board that uses it.

END

### About PwC

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services for public and private clients. More than 120,000 people in 144 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

“PricewaterhouseCoopers” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.