GOOD GOVERNANCE

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| THE MEMBER ASSEMBLY CHECKLIST |
| * The rules clearly indicate measures designed to provide a fair and balanced representation of all members of the employers’ and business organization in the Member Assembly.
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| * The rules clearly indicate who may and who may not be a member of the employers’ and business organization.
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| * The rules clearly indicate the process by which the Member Assembly elects or approves the Board of Directors.
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| * The rules clearly indicate the process by which the Member Assembly may remove members of the Board.
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| * The rules clearly establish the mechanism by which membership fees are determined.
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| * The rules clearly address the issue of non-payment of membership dues, including the procedure for expelling non-paying members and the status of membership rights for any member in arrears.
 |
| * The rules clearly indicate other member responsibilities, for instance the type of information members are expected to share with the employers’ and business organization.
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| * The rules clearly define objective membership criteria.
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| * The rules clearly indicate that membership is voluntary.
 |
| * The Member Assembly takes place at least once per year.
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| THE BOARD CHECKLIST |
| * The employers’ and business organization rules establish clear measures to prevent the Board from being dominated by larger members or regional/sectoral groups to the exclusion of the interests of other members.
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| * The employers’ and business organization rules, as appropriate, establish a specific number of seats for the Board (not so many as to lose direction/control) to guarantee the representation of interest of specific groups (e.g. young entrepreneurs, SMEs, women, etc.)
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| * The rules clearly document the eligibility criteria for Board members and describe the function of the Board. The rules promotes diversity in the Board of the EBMO.
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| * The rules clearly indicate the process by which Board members are nominated and elected.
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| * The procedure for electing members of the Board is transparent and open to the entire body of member companies, or their representatives. The nomination and appointment do not take place behind closed doors by a single person or group (e.g. the President or Chief Executive).
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| * The rules define criteria that disqualify certain categories of people from Board membership e.g. currently serving members of government.
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| * The rules clearly establish a mechanism by which members may remove individual members of the Board or the entire Board.
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| * The rules clearly document the responsibilities of the Board. These responsibilities include the approval of the business plan and budget and the review of the performance of the Chief Executive.
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| * The rules give the Board authority to appoint or remove the Chief Executive.
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| * The rules establish clear procedures for the nomination and election of the President of the Board.
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| * The rules detail the types, or categories, of decision that come under the remit of the Board, and draw a clear distinction between decisions that are the responsibility of the Board and decisions that are the responsibility of the Chief Executive.
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| * The constitution contains within itself a procedure by which the constitution can be amended or changed involving final approval by the Member Assembly.
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| * The rules establish clear objective criteria for the Board’s decision on admitting new members.
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| * The rules assign clear authority to the Board for miscellaneous housekeeping issues, such as opening bank accounts in the name of the organization.
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| * The rules provide a role description for the President of the Board including the basic qualifications for the job as well as detailed reference to the President’s responsibility to review the performance of the Chief Executive.
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| * The rules establish the term of office for the President and the Board members (max. 4 years), and limit the number of consecutive terms that can be served by the same person(s) (max. 2 or 3 years).
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| * Board meetings takes place at least once every quarter.
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| * The rules clearly establish the *principle of impartiality* as this applies to the President’s activities on behalf of the EO. The EO does not serve as a platform for the President to promote his or her company to the detriment or exclusion of other member companies.
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| * The rules assign specific reporting responsibilities to the Board, including the appointment of an external auditor to review the finances of the employers’ organization.
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| * The rules clearly define the distinction between the functions and roles of the President and the Chief Executive to avoid conflicts.
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| CHIEF EXECUTIVE AND MANAGEMENT CHECKLIST |
| * The Chief Executive is responsible for the general administration of the organization, and ensures that constitutional requirements are observed.
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| * The employers’ and business organization rules provide the Chief Executive with full responsibility for hiring and managing the staff necessary to the day-to-day operation of the organization.
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| * The rules clearly distinguish between the responsibilities and authority of the President of the Board and those of the Chief Executive. The Chief Executive has authority over the daily management of the organization. The President has the authority to terminate the employment of the Chief Executive in cases of serious misconduct and poor performance.
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| * The Chief Executive is responsible for matters related to governance such as the preparation of a budget, even though decisions on these matters remain with the Board. The rules detail the responsibilities of the Chief Executive in a job description.
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| * In line with national law and practice, the rules preclude any candidate for Chief Executive who has a record of criminal or civil liability for corporate malpractice.
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| * The appointment of a Chief Executive is a function of the Board and/or the President of the Board. The process of selecting and appointing a Chief Executive is well documented.
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| * The rules provide a grievance procedure for staff relating to the Chief Executive. These grievances are reported to the President or a designated other Board member.
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| * The exact procedure for terminating the employment of the Chief Executive is documented in the contract of employment of the Chief Executive.
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| * The remuneration of the Chief Executive is set by the President with the Board’s approval.
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| * Outside activities and remuneration of the Chief Executive, other than that from the employers’ and business organization, must be approved by the Board and must not present a conflict of interest for the Chief Executive.
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| RULES CHECKLIST |
| * A system of employers’ and business organization rules, consisting of a constitution/statutes, by-laws and, as need be, codes of conduct is in place.
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| * EO rules are in line with the national legal framework.
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| * EO rules define clear competences and provide for adequate controls.
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| * The EBMO constitution contains basic provisions on the name and purpose of the EBMO, rights and responsibilities of members, as well as the functioning of its organs.
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| * By-laws contain more detailed regulation on procedures, sub-organs and special issues. There may be codes for the conduct of EO organs and members.
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| COMMITTEES CHECKLIST |
| * The rules clearly indicate the exact functions, authority and composition of key committees such as policy development, remuneration and auditing.
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| * The audit committee reports to the Board or President, and not to the Chief Executive.
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| * The rules clearly indicate the types of committee that can be appointed by the Board and the Chief Executive. The authority to appoint certain types of committee corresponds to the formal responsibilities of the Board and the Chief Executive.
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| * The appointment of committees includes a clear job description of the committee members and a clear output.
 |
| * Committees can be dissolved by the authority (Board or management) that created them. It is clear that management has no authority over a Board appointed committee and the Board has no authority over a management appointed committee.
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| * The rules clearly establish the authority of the Board or management in relation to their committees. The committees are always accountable to the authority that created them.
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| * A summary of the work of each committee within the organization is presented periodically (at least annually) to the Board.
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| TRANSPARENCY & COMMUNICATION CHECKLIST |
| * External auditors are commissioned by the Board at least annually to review the finances of the organization.
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| * The auditors report to the Board.
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| * The rules of the employers’ and business organization establish the criteria for external auditors and, if need be, describe their exact role or function.
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| * The rules require the Board to draft a code of ethics that applies to all Board members and management.
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| * A code of ethics (or similar) specifies the acceptable limits of gift giving and receiving for members of the Board and management.
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| * The President periodically reviews the performance of the Chief Executive to ensure that the Chief Executive is not being unduly influenced (or “captured”) by an external party or an internal special interest.
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| * The rules oblige the management and the Board to maintain regular communication with the membership.
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| * The rules clearly provide mechanisms for two-way communication between the members of the organization and the Board and management.
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