

# Corporate Governance – A Maltese Perspective

At first it was Health & Safety officers that were tagged the “business prevention team” then it was Compliance Officers. However, today it seems to be the corporate Governance team that has inherited that particularly unwelcome moniker.

Corporate governance has always been an area of focus for the Malta Financial Services Authority (“MFSA”). During 2020, the MFSA undertook considerable work in assessing regulated entities corporate governance and standards. In fact, an initiation to revamp the Corporate Governance Framework was also undertaken by the MFSA and a Consultation Document on Corporate Governance Framework for Authorised Entities and listed Companies was published. Supervisory work carried out by the Authority in 2020 has led to the identification of areas where further improvement on the part of authorised entities may be required. This cross-sectoral area of focus shall therefore be retained as a priority for the MFSA for 2021. The MFSA shall be communicating its expectations in this respect, as part of the project which will lead to the development of a new Corporate Governance Code for regulated entities.

## So is Corporate Governance an enabler or a blocker?

For the Chairman of Aspida Group, life is so often a pendulum that swings from one extreme to another, seldom managing to settle in the centre, and the same goes for Corporate Governance.

Rather than the ever-growing corporate governance reports tabled at board and trustee meetings, perhaps if we unpicked a number of recurring themes, we might find some clarity.

**Poor Board Composition.** There is considerable discussion around board composition (Executive/Non-Executive, diversity of gender, ethnicity, skills, backgrounds etc.) but for me the key question should, and must, be how effective a board is. I would go so far as to say that if a board is truly effective, then by its very nature it will have a diverse and inclusive board on all measures and representing key stakeholders.

**Lack of Effectiveness.** The benefits of an effective board are of course endless, the very purpose of a board being to support the executive to fulfil the organisation’s objectives, whether to benefit the shareholders or other stakeholders

through widening the knowledge base, introducing fresh, innovative ideas and ensuring sound governance etc.

**Information Overload.** Certainly many of us have read (or not perhaps entirely beyond the executive summaries?) extensive reports tabled at board meetings only to wonder what value is being added through them. One such exercise that struggles to be taken seriously is the annual board appraisal. These forms are often circulated by the company secretary or administrator and completed by individual directors with varying levels of attention to detail. These things can of course be tricky, balancing honesty with a constructive approach, whilst ensuring ongoing relationships!

**The Wrong Chair.** Similarly is the vital role that a Chair plays. It is properly said that the relationship between the Chair and CEO is critical to success; equally, the partnership with the Board is critical for effectiveness of the board.

## How Corporate Governance can become an enabler

So, what is to be done? At Aspida Group, we have built our reputation for pragmatic and proactive compliance solutions over the last 20 years. Being leaders to the idea that effective compliance would be an enabler to your organisation, not a blocker, we are therefore pleased to have identified the similar need within corporate governance in providing pragmatic support and advice at board and senior management level across a diverse range of businesses and organisations. Our services include compliance reviews and board advisory support.

**Let Aspida elevate your corporate governance from a blocker to an enabler**

**Should you have any questions on the above, please contact Aspida Advisory Services (Malta) Ltd at [maltainfo@aspidagroup.com](mailto:maltainfo@aspidagroup.com)**

Adriana Cassar is the Executive Director,  
Aspida Malta

