

Chapter 4.8 Shareholder and shareholder Activism.

→ Non executive - Independent director

[1] executive director:

- Definition: hold an operational position in the Company.

- Role: are responsible for the day to day operations and result best placed to develop, set and implement strategy.

الذين يعملون مناصب تنفيذية في الشركة

[2] Non executive director:-

- Definition: don't hold an operational position in the Company.

(ANED may or may not be Independent)

الذين يعملون مناصب تنفيذية في الشركة

- Role: NED contribute an outside perspective

[3] Independent director:-

- Definition: is a director who has no material relationship with the Company

- Role: ensure that the board include individual who can effectively exercise objective judgment for exclusive benefit of the Company and its shareholder

The role of the non-executive, Independent director
دور العضو الغير تنفيذي المستقل

- Constructively Challenge - Contribute to strategy development
المعارضة / المساهمة في تطوير الاستراتيجية

- scrutinize managerial performance
متابعة اداء الادارة

- ensure financial information is accurate
ضمان دقة المعلومات المالية

- ensure financial Control - systems of risk management are robust and defensible.
ضمان قوة الضوابط والتحكم المالية لإدارة المخاطر

- Determine appropriate levels of remuneration of executive directors.
تحديد المستويات المناسبة لمكافآت الأعضاء التنفيذيين

- Have prime role in appointing Senior management and in succession planning.
القيام بدور أساسي في تعيين الإدارة العليا وتخطيط انتقال السلطة

- Assurance to shareholder and market.
ضمان المساهمين والأسواق

- Independance Important in Conflict situations

- financial oversight and Control

- director nominations and succession planning

- executive Compensation.

What is shareholder Activism?

- active shareholder who express thier opinion to tr to effect or to influence a firm, An activist sharehol uses an equity stake in a Corporation to put public pressure on its managment.

* shareholder activism Can influence:-

[1] Financial :-

- Increase of shareholder value through change in Corporate governance.
- Financial structure
- Cost Cutting
- Dividend Policy.

[2] non-financial :-

- Adoption of environmentally frindly policies
- Implementation of social responsible practices
- Disinvestment from certain Country to pressure a government toward policy or regime change.

Types of Activist shareholders

- Hedge fund
- Venture Capital fund
- Asset management firm
- Institutional shareholder (Pension fund)
- Private equity fund
- existing shareholder