8. Board appointment, structure, and composition

This chapter addresses the process by which directors are appointed and remunerated, the various board structures, and the importance of board diversity. All companies are required to appoint a director, with the Companies Act 2006 (CA 2006) providing that a private company must have at least one director, and a public company at least two directors. Every public company must also appoint a company secretary. Before a person is appointed as a director, that person and the company will usually negotiate to determine the new director's remuneration package. Remuneration practices tend to differ markedly depending on company size. The two most common board structures in the world are the unitary board and the two-tier board. Meanwhile, in recent years, board diversity has become a major governance topic. The focus to date has been on increasing gender diversity in the boardroom, but recent attention has also focused on ethnic diversity.
8. Board appointment, structure, and composition