



Press release

ICSA awards will raise standards in reporting, accountability and shareholder protection

13 November 2008: The Institute of Chartered Secretaries and Administrators (ICSA) is today launching its national awards scheme to reward best practice in corporate governance reporting. The awards will promote better quality reporting and greater transparency and aim to encourage companies to consider how their governance arrangements can function better to protect and enhance shareholder value. The awards seek to ensure that accurate disclosure on best practice governance becomes the norm in UK companies. The inaugural awards ceremony will take place in September 2009. The Financial Reporting Council (FRC) and the Association of British Insurers (ABI) have both declared their strong support for ICSA's initiative. Hermes Equity Ownership Services (HEOS) has agreed to co-sponsor the scheme with ICSA.

Improved corporate governance will meet one of the key demands of institutional and private investors, regulators and politicians, following the recent collapse or near-collapse of a number of banks and the significant knock-on effects on companies in other sectors and the wider economy.

Sir Christopher Hogg, Chairman of the FRC, custodians of the Combined Code on corporate governance, said 'Meaningful disclosure is essential to the success of the flexible 'comply or explain' approach to corporate governance. I warmly welcome ICSA's initiative to encourage greater transparency and accountability.'

Peter Montagnon, Director of Investment Affairs at the ABI, which represents a fifth of all UK investors, stated 'Better disclosure is in everybody's interests, and if the ICSA awards scheme raises standards of reporting and performance, it can only be a good thing.'

Colin Melvin, Chief Executive of Hermes Equity Ownership Services, commented: 'As a representative of pension funds and other long-term shareholders, Hermes is delighted to be involved in these timely awards which will recognise those companies that are committed to high standards of reporting and accountability.'

David Wilson, ICSA's Director of Policy and Strategy, formerly a member of the Turnbull Committee on Internal Control for Listed Companies, added: 'These awards should lead to significant improvements in corporate governance reporting by discouraging the use of formulaic boilerplate statements. In future, a company's reporting should describe how its corporate governance practices are related to its particular business plan, strategic objectives and specific circumstances, thus bringing into clear focus those aspects of its systems and processes that help create value for investors, or prevent its destruction.'

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Editor's notes

ICSA

The Institute of Chartered Secretaries and Administrators (ICSA) is the professional organisation that trains and supports company secretaries and is a leading authority on corporate governance. It publishes guidance notes and best practice guides and through its subsidiaries provides events, information and training, boardroom performance evaluation and dedicated software. The ICSA has 36,000 members worldwide and is represented in over 70 countries.

FRC

The FRC is the UK's independent regulator responsible for promoting confidence in corporate reporting and governance. In addition to setting, monitoring and enforcing accounting and auditing standards, setting actuarial standards and exercising statutory oversight and regulation of auditors, it is also responsible for the maintenance of the Combined Code on Corporate Governance for listed companies.

The Combined Code sets out standards of good practice in relation to issues such as board composition and development, remuneration, accountability and audit and relations with shareholders. All companies incorporated in the UK and listed on the Main Market of the London Stock Exchange are required under the Listing Rules to report on how they have applied the Combined Code in their annual report and accounts. Overseas companies listed on the Main Market are required to disclose the significant ways in which their corporate governance practices differ from those set out in the Code.

The Combined Code contains broad principles and more specific provisions. Listed companies are required to report on how they have applied the main principles of the Code, and either to confirm that they have complied with the Code's provisions or - where they have not - to provide an explanation.

ABI

The ABI (Association of British Insurers) represents the collective interests of the UK's insurance industry. The Association speaks out on issues of common interest; helps to inform and participate in debates on public policy issues; and also acts as an advocate for high standards of customer service in the insurance industry.

The Association has around 400 companies in membership. Between them, they

provide 94% of domestic insurance services sold in the UK. ABI member companies account for almost 20 per cent of investments in the London stock market.

Hermes Equity Ownership Services (HEOS)

HEOS provides its clients with a comprehensive and unified responsible investment and corporate governance advisory service on their equity investments wherever they are managed. The services provided by HEOS include voting, engagement and public policy work for long term institutional shareholders.

As the executive arm of the BT Pension Scheme, the UK's largest pension fund, Hermes has over the past decade developed an expertise in responsible investment and corporate governance. This stems from the belief that for a long-term equity investor, it is particularly important to be an active and engaged owner of companies. Hermes' unique ownership means that it has a commonality of interests with other pension funds and thus a focus on achieving superior absolute returns. The premise underlying Hermes EOS is that companies with informed and involved shareholders are more likely to achieve superior long-term performance than those without. Hermes EOS aims always to represent to directors a shareholder's perspective on the company's environmental, social and governance performance and to frame its discussions with companies in terms of long-term value creation. Hermes firmly believes that the stronger and more representative that shareholder voice, the more effective it is likely to be.

Press coverage

Financial Times

<http://www.ft.com/cms/s/0/a308a71e-b275-11dd-bbc9-0000779fd18c.html>

Accountancy Magazine

http://www.accountancymagazine.com/croner/jsp/Editorial.do?cache=true&channelId=-305535&contentId=1098600&BV_UseBVCookie=yes