

Relevance of ICSA's boardroom behaviour work illustrated in FRC response

28 July 2009: Key recommendations in the Institute of Chartered Secretaries and Administrators' (ICSA's) response to the Combined Code Review have been noted by the FRC for further consideration. The FRC's consultation document, published today, says that the view of market participants is that 'the quality of corporate governance ultimately depends on behaviour not process.' In response to the Combined Code and Walker Reviews, ICSA submitted a report on boardroom behaviours and offered to write a best practice guide as an addendum to the Code on how organisations can improve boardroom behaviours.

The ICSA submission to the FRC stressed the pivotal role that the company secretary plays, or should play, in corporate governance and the consultation also singles out the role of the company secretary as 'important to the effective functioning of the board'. Other points highlighted by the FRC for further consideration which align with ICSA's submission include:

- the continuation of the 'comply or explain' model as opposed to rules-based regulation
- a more explicit definition of the board's responsibility to set the risk appetite and profile of the company
- an increased level of commitment from NEDs
- a review of board composition and the balance between executive and non executive directors
- external board evaluation every third year and a rolling cycle of committee reviews
- a review of the remit of the remuneration committee to ensure policies promote the long-term interests of the company and that the remit extends below board level

The FRC raises the issue of the quality of disclosures in annual reports and questions what can be done to make them more informative and less of a 'box ticking' exercise. The ICSA Hermes Transparency in Governance Awards, to be held in November, seek to identify and reward high standards of disclosure, with the aim of encouraging improvements both in the disclosure process and in governance performance itself.

Sir David Walker, has described the Awards as 'an excellent and timely initiative'.

David Wilson, ICSA's Chief Executive comments:

'We are delighted to see that the FRC's consultation on the Code embraces many of our recommendations and highlights the importance of the company secretary's role. If a best practice guide on boardroom behaviours is adopted as part of the Code, it will play a vital role in enabling organisations to deliver best practice in corporate governance and preventing a reoccurrence of the events of last year'

Ends

For further information please contact Rosie Hamilton on 020 7612 7062 or pressoffice@icsa.co.uk or David Wilson on dwilson@icsa.co.uk or 020 7612 7014. The ICSA Boardroom Behaviour report can be found [here](#)

Editor's notes

The Institute of Chartered Secretaries and Administrators (ICSA) is the qualifying body for company secretaries and 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.