

### **'Improving board effectiveness is key' says ICSA**

3 March 2010: The Institute of Chartered Secretaries and Administrators (ICSA), has today launched *'Improving board effectiveness'*, a consultation document on its update of the Higgs Guidance. As part of its recent review of the Combined Code (due to be renamed the UK Corporate Governance Code), the Financial Reporting Council (FRC) commissioned ICSA to undertake a review of Higgs and consider whether additional guidance should be given on a number of issues relating to board effectiveness. ICSA – advised by a Steering Group chaired by Sir John Egan, Chair of Severn Trent Plc, and with members including John Coombe, Chair of Hogg Robinson plc and Peter Montagnon, Director of Investment Affairs at the ABI – has identified the key components of what makes for a better board:

- More emphasis on the role of the Chair as critical to the building of the effective board
- Boards spending more time determining the culture, vision and values appropriate to their organisation
- Encouragement of appropriate boardroom behaviours, such as the avoidance of a 'groupthink' culture
- Re-evaluation of the role, responsibilities and contribution of all board members, including executive directors
- More time spent improving and developing directors' skills and benchmarking their performance
- Board composition and diversity as major factors in delivering a high-performance board
- Advice for directors on how to 'stay out of trouble, and jail'

Seamus Gillen, Policy Director at ICSA, commented:

'One of the principal lessons from the financial crisis, highlighted in both Sir David Walker's report on banking governance and the FRC's review of the Code, is that effective boards are one of the main drivers of good corporate governance. ICSA's final guidance will help directors understand how good governance is a key factor in delivering ongoing business sustainability and success.'

The first stage of consultation ends on 16 April 2010. ICSA will issue a further consultation draft in June and submit the completed guidance to the FRC in October.

For further information please contact Rosie Hamilton on 020 7612 7062 or [pressoffice@icsa.co.uk](mailto:pressoffice@icsa.co.uk)

Notes to Editors:

- 1 The Institute of Chartered Secretaries and Administrators (ICSA) is the professional body for Chartered Secretaries and a leading authority on corporate governance. Chartered Secretaries are high-ranking professionals with a broad base of skills unique among the professions. Trained in law, finance and accounting, strategy, governance and ethics, Chartered Secretaries provide a focal point for independent advice and guidance about the conduct of business, governance and compliance.
- 2 Through its thought leadership in the areas of boardroom behaviour, reporting and risk management, its influence with government and regulators, and the work of its members, ICSA is helping to shape the governance agenda and promote the best practice essential to achieve enhanced board performance.
- 3 Copies of the consultation document and other documents relating to the review can be found [here](#)
- 4 Responses to the proposed revised guidance are requested by 16 April 2010 and should be sent to [policy@icsa.co.uk](mailto:policy@icsa.co.uk) or in writing to Seamus Gillen, Policy Director, ICSA, 16 Park Crescent, London W1B 1AH
- 5 The ICSA was commissioned by the FRC in December to lead a steering group and review the Higgs Guidance. A full list of members of the steering group is as follows:

Nilufer von Bismarck, Partner, Slaughter and May

Andrew Campbell Director, Strategic Management Centre, Ashridge Business School

John Coombe, Chairman, Hogg Robinson plc

Sir John Egan, Chairman, Severn Trent Plc

Philippa Foster Back OBE, Director, Institute of Business Ethics

Chris Hodge, Head of Corporate Governance, FRC

Simon Lowe, Partner, Grant Thornton

Ben Mathews, Company Secretary, Rio Tinto plc

Peter Montagnon, Director Investment Affairs, ABI

David Wilson, Chief Executive, ICSA