

Contents

INTRODUCTION	1
Corporate scandals.....	2
Putting morality into capitalism – ‘corporate governance’	3
Across the Atlantic	3
Social responsibility.....	4
1 CADBURY, GREENBURY AND HAMPEL	6
A. The Cadbury Code of best practice	7
B. The Greenbury committee report	15
C. The Hampel Committee.....	18
2 HIGGS, SMITH AND THE ‘PARTICIPANTS’ ROLES	21
A. The Higgs and Smith Committees	22
B. The participants’ roles	23
Evaluation.....	34
3 TURNBULL AND RISK	35
The recommendations.....	37
Risk management	37
Disaster recovery in action	38
Preparation.....	41
Safety and the Board.....	43
An increasing legal obligation	47

4	THE COMBINED CODE	49
	Combined Code of Corporate Governance.....	50
	The detailed requirements	50
	Sarbanes-Oxley (SOX).....	61
	The EU Good Governance Code.....	63
	International Corporate Governance Network (ICGN).....	64
5	REPORTING OUR RESPONSIBILITIES	65
	A. The operating and financial (or ‘business’) review	66
	Publication	67
	Complexity of reporting.....	67
	B. Human Capital Management.....	70
	C. Corporate Social Responsibility (CSR)	73
	Using society’s resources	74
	Employee appeal.....	75
	Adverse publicity	76
	The sexual revolution	77
	Stakeholders.....	78
	The pertinent questions	82
6	THE EMPLOYEE INTERFACE	84
	Legal requirements	85
	Employees’ financial involvement.....	88
	Works Councils	88
	Information/Consultation Forums.....	90
	The administration	91
	Elected representatives	92
	Reporting financial results	93
	Employee reports.....	94
	The future	98

7	ETHICS, FRAUD AND WHISTLEBLOWING	99
	A. Codes of Ethics	100
	B. Fraud	104
	C. Whistleblowing	110
	Course of action	111
	Legal actions	114
	APPENDICES	115
	1 Directors' familiarisation	116
	Legal obligations	117
	Finance	117
	Board work	117
	Morality	118
	Accountability	119
	Employees	119
	2 Draft rules and constitution for a Pre-existing agreement for an Information and Consultation Forum (ICF)	120
	A. Background.....	120
	B. Constitution.....	121
	3 Draft non-executive directors combined contract for service	125
	4 A gift policy	128
	5 Corporate Social Responsibility/Risk Management checklist	130
	A. Items the Annual Report could address	130
	B. Additional questions for investment trusts	130
	C. Further reference	131
	6 Directors assessment	132
	7 Security policy	134