FTSE 100 companies get ethical guidance for good governance

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By Brian Collett — Business bosses in the UK are to benefit from the advice of two ethical guidance bodies.

The recommendations will be built into the Good Governance Report of the Institute of Directors, the 114-year-old professional group supporting entrepreneurship and responsible business practice.

Environmental, social and governance data and information on business conduct risks will be contributed by RepRisk, the Zurich-based global provider of research and commercial intelligence, and the Chartered Quality Institute, the international management specialist organisation headquartered in London, which have formed a partnership with the Institute of Directors for the purpose.

The report is the flagship corporate governance publication of the Institute of Directors, rating FTSE 100 companies on their corporate governance performance and assessing reputational exposure and business conduct risks.

Alexandra Mihailescu Cichon, RepRisk’s head of sales and marketing, calls the report a “trailblazing publication”.

She said: “The integration of ESG information reflects the increasing expectations of shareholders that the topic of sustainability is an integral part of business strategy and decision-making at the board level.”

Estelle Clark, the Chartered Quality Institute’s policy director, said: “The issue of reputational risk needs to be significantly elevated on the boardroom agenda of organisations of all sizes, both public and private.

“Recent high-profile governance failings at Uber, Bell Pottinger and Volkswagen, to name only a few examples, highlight the fact that when governance fails, the commercial viability of an entire enterprise can very quickly be called into question.

“The 2017 Good Governance Report has, for the first time, included reputational risk as a key metric for the board, shareholders and wider stakeholders, enabling them to gauge whether an organisation’s actions mirror the brand image and the rhetoric.”