

# Governance Conference 2015





*The Corporate Governance Association of Ireland*

# Lessons in Corporate Governance

## Patrick Downes

The Corporate Governance Association of Ireland is an independent & voluntary organisation.

It was founded in 2006 and seeks to promote the highest standards in Corporate Governance.

It provides a network for experienced professionals who hold post-graduate qualifications in the discipline of corporate governance.

It facilitates ongoing professional development by providing regular educational and CPD opportunities



# The 1st Code

1. "I am the Lord thy God, thou shalt not have any strange gods before Me."
2. "Thou shalt not take the name of the Lord thy God in vain."
3. "Remember to keep holy the Sabbath day."
4. "Honor thy father and mother."
5. "Thou shalt not kill."
6. "Thou shalt not commit adultery."
7. **"Thou shalt not steal."**
8. **"Thou shalt not bear false witness against thy neighbor."**
9. "Thou shalt not covet thy neighbor's wife."
10. **"Thou shalt not covet thy neighbor's goods."**

Mount Sini - 1450 BC

# What is Corporate Governance ?

- ↳ Corporate Governance broadly refers to the mechanisms, processes and relations by which [corporations](#) and companies are controlled, managed and directed With particular focus on executive boards accountabilities to shareholders and other stakeholders.
- ↳ It particularly focuses on the avoidance of risk and the competence, ethics & property of the management, board of directors and Chair.
- ↳ It seeks to curb executive recklessness, fraud, negligence and incompetence

## Why does it matter ?

- Polly Peck, BCCI, Guinness, Enron, BP Deepwater Horizon, Mirror Group pensions, Exxon Valdez, Bhopal, Baring's, News International, News of the World Phone Hacking, Northern Rock, Barclay's, Tesco
- BOI, AIB, ILP, Irish Nationwide, Anglo, Fas, CRC, Rehab, Credit Unions, IFA
- Recklessness of some of the worlds biggest banks resulted in a catastrophic global recession and the national bankruptcies of Iceland, Ireland, Spain, Portugal, Cyprus, Greece etc





ARTHUR  
ANDERSEN



POLLY PECK

*The***Guardian**

Receivers called in after £500m goes walkabout □ Mayhem loosed in markets

## Barings Bank goes bust



**EMISSIONS  
SCANDAL**



# Current codes

The Cadbury report (UK, 1992)

The Combined Code

The Principles of Corporate Governance (OECD, 1999, 2004 and 2015)

The Sarbanes-Oxley Act of 2002 (US, 2002)

The Higgs Report 2003 (ICSA Update 2010)



The Final Report  
of the  
Tribunal of Inquiry  
into  
Certain Planning Matters and Payments



## Theresa May to unveil boardroom crackdown on private big business

In wake of BHS and Sports Direct scandals, PM pushes for privately owned companies to face similar governance to those listed on stock market



Theresa May has condemned an 'irresponsible minority of privately held companies acting carelessly'. Photograph: Andy Rain/EPA

[Theresa May](#) is to promise a crackdown on boardroom excess at large privately owned businesses as she unveils proposals intended to hold corporate Britain to account.

The prime minister said the government would look at ways to bring privately owned companies under a regime that could mimic the one imposed on major stock market companies.

While many private companies were performing well, "we have, however, seen





# What Lessons have we learned ?

# Lessons learned

- There was Insufficient safeguards against excessive risk taking
- Golden Circles leading to conflicted boards & interlocking boards
- Dominant CEO'S with unfettered power and little transparency
- Diversity
- Executive remuneration
- Regulatory regimes facilitating light touch oversight



# Current Boardroom Trends

- Directors compliance statements
- Board Diversity
- Non Financial Reporting
- Whistleblowing
- Sustainability
- Data Protection
- Reputation management
- Brexit / Trump

# Take aways

- Be keenly aware of your regulatory responsibilities.
- Remain fully focussed on adhering to pension scheme governance best practice.
- Read your Trustee Deeds & Rules & know the rules of engagement.
- Ensure you keep your training up to date.
- Challenge your advisors - ask questions.



Oifig an Stiúrthóra um  
Fhorfheidhmiú Corparáideach  
Office of the Director  
of Corporate Enforcement



Department of Public Expenditure and Reform  
**Governance Framework**



**Code of Practice for the Governance of  
State Bodies**



An tÚdarás Pinsean  
**The Pensions Authority**



**Charities  
Regulatory  
Authority**  
An tÚdarás  
Rialála  
Carthanais



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Lionheart Consultants

Thank you