

By email: [codeofconduct@iod.com](mailto:codeofconduct@iod.com)

16 August 2024

Dear Sir / Madam

### **Institute of Directors (IoD) consultation paper: Code of Conduct for Directors**

The Chartered Governance Institute UK & Ireland is the professional body for governance and the qualifying and membership body for governance professionals across all sectors. Its purpose under Royal Charter is to lead effective governance and efficient administration of commerce, industry, and public affairs working with regulators and policymakers to champion high standards of governance and providing qualifications, training, and guidance. As a lifelong learning partner, the Institute helps governance professionals achieve their professional goals, providing recognition, community, and the voice of its membership.

One of nine divisions of the global Chartered Governance Institute, which was established 130 years ago, The Chartered Governance Institute UK & Ireland represents members working and studying in the UK and Ireland and many other countries and regions including the Caribbean, parts of Africa and the Middle East.

As the professional body that qualifies Chartered Secretaries and Chartered Governance Professionals, our members have a uniquely privileged role in companies' governance arrangements. They are therefore well placed to understand the issues raised by this consultation document. In preparing our response we have consulted, amongst others, with our members. However, the views expressed in this response are not necessarily those of any individual members, nor of the companies they represent.

A general comment and our views on the questions asked in your consultation paper are set out below.

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## **General comment**

There is nothing in the proposed code of conduct with which we would disagree. However, we are unsure of the purpose that it serves as drafted.

As a professional body ourselves, our members are subject to a Code of professional ethics and conduct (<https://www.cgi.org.uk/join-us/chartered-membership/code-of-ethics>). One valuable use of the code on which the IoD is consulting would be as a code against which IoD members could be held and we would recommend this approach. Whilst there would be no harm in directors who are not members of the IoD declaring their adoption of this code, it is hard to see what action might be taken against someone who does, but then fails to live up to those standards.

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## **Specific questions raised in the consultation**

### **Are there any additional issues that should be addressed in the Code?**

No.

### **How can awareness of the Code be encouraged amongst directors and the wider public?**

To raise awareness of the Code of Conduct for Directors, the IoD can organise workshops, online campaigns, and incorporate the Code into induction programs. Partnering with professional bodies like the Chartered Governance Institute can extend its reach. Sharing case studies, engaging media, and encouraging feedback will also help keep the Code relevant and top-of-mind.

### **Should directors make a public declaration or disclosure of their adoption of the Code?**

Directors could consider making a public declaration of their adoption of the Code of Conduct, but it should remain optional and, as noted above, it is not clear what the benefit of any such declaration might be given the absence of any enforcement regime. Since directors are already obliged to comply with company law and, for many, adhere to corporate governance regulations and the Corporate Governance Code, and given that the new guidance aligns with these existing standards, a mandatory declaration may be redundant. However, a voluntary disclosure can enhance transparency and demonstrate a commitment to ethical practices.

### **Is there a role for government, regulators or professional bodies in encouraging adoption of the Code?**

We are not convinced of the value of their doing so. Professional bodies can endorse the Code of Conduct for Directors, raise awareness, and offer incentives for its adoption. While there is limited scope for government and regulators to mandate the Code, given its alignment with existing regulations, regulators could still endorse it to encourage broader acceptance. In our view, the principal value of the code would be as a mandatory code for IoD members.

### **If you are currently serving as a director, would you be willing to commit yourself to the principles and undertakings of this Code?**

Not applicable.



If you would like to discuss any of the above comments in further detail, please do feel free to contact me.

Yours faithfully,

**Peter Swabey**

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