

The company secretary in the UK  
and their role in upholding best  
practice in corporate governance  
in banks and other organisations

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A faint, light-colored watermark of a coat of arms is visible in the background. It features a central shield with a crown on top, flanked by two figures (supporters), and a banner below. The design is intricate and traditional.

# The Company Secretary in the UK

- English law requires public companies to have a Company Secretary
- The Combined Code on Corporate Governance gives them a key governance role
- They are appointed and dismissed by the board
- They have certain legal duties and responsibilities
- They adhere to a Code of Conduct

# Key elements of the Company Secretary's role (1)

- Advising the board on governance matters
- Acting as a channel of communication and information for independent directors
- Assisting the Chairman with providing induction and training for directors
- Producing papers and minutes of meetings of the board and committees

# Key elements of the Company Secretary's role (2)

- Ensuring compliance with all rules concerning the listing of the shares
- Ensuring compliance with corporate law and regulations and the company's constitution
- Communicating with shareholders – issuing circulars, paying dividends, answering questions
- Organising shareholder meetings

# Key elements of the Company Secretary's role (3)

- Dealing with the administration and legal aspects of employee share plans
- Coordinating the drafting, preparation, printing and distribution of the company's annual report
- Playing a key role in any acquisition or merger
- Maintaining the statutory registers

# The Company Secretary and Corporate Governance

- The Company Secretary is responsible for governance, through the Chairman
- He/she ensures that the principles of the Combined Code are considered carefully and applied as appropriate
- The Company states each year in its accounts whether or not it has applied these principles – and, if not, why

# The Combined Code

- Applies to all listed companies (and is used by other organisations voluntarily)
  - Directors
  - Remuneration
  - Accountability and audit
  - Relations with shareholders

# Corporate Governance Codes (1)

“The company secretary has a key role to play in ensuring that board procedures are both followed and regularly reviewed. The chairman and the board will look to the company secretary for guidance on what their responsibilities are under the rules and regulations to which they are subject and on how those responsibilities should be discharged. All directors should have the access to the advice and services of the company secretary and should recognise that the chairman is entitled to the strong and positive support of the company secretary in ensuring the effective functioning of the board. It should be standard practice for the company secretary to administer, attend and prepare minutes of board meetings”.

*[Report of the Committee on the Financial Aspects of Corporate Governance – the Cadbury Report – December 1992, para 4.25]*

## Corporate Governance Codes (2)

- “Under the direction of the chairman, the company secretary’s responsibilities include ensuring good information flows within the board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required”.
- “The company secretary should be responsible for advising the board through the chairman on all governance matters”

*[See Combined Code on Corporate Governance, June 2006 – 3<sup>rd</sup> Supporting Principle to Principle A.5]*

# UK governance - What is the ICSA?

- Is a leading voice in governance and corporate best practice
- The professional Institute for Chartered Secretaries
- Incorporated by Royal Charter over 100 years ago
- Operates in over 70 countries with 36,000 members worldwide
- Regulates and advises the company secretarial profession

# The ICSA Qualification

- Post graduate level, broad based qualification
- Portable
- Relevant and practical
- Flexible career paths possible

# The ICSA Qualification

- Chartered professional qualification
- In depth knowledge of best practice
- Successful candidates are eligible to apply for membership of the Institute

# The role of company secretaries in banks (1)

- Chartered secretaries can make things happen. We are facilitators and enjoy change for the better. We continually look for better ways of doing things. We are can do people. We don't just advise; we make it our business – whatever our level and whatever our sphere of influence – to go out there, roll up our sleeves, get our hands dirty and make things happen. We are trained to do this and have the connections within and outside our organisations to achieve this” –
  - *Peter Hammonds, former Company Secretary, NatWest Group*

# The role of company secretaries in banks (2)

The company secretary:

- Maintains the flow and quality of information
- Plans the workload of the committees to enable informed decisions
- Ensures time at meetings is spent appropriately
- Keeps directors informed but avoids bombarding them with information
- Agrees how decisions should be made between meetings

# The role of company secretaries in banks (3)

The company secretary:

- Promotes best practice
- Ensures tailored induction of NEDs and other directors
- Oversees professional development for the board
- Has good relationship with all of the board
- Assists directors to make a full contribution at and outside meetings
- Advises the board on new legal and regulatory requirements

# The role of company secretaries in banks (4)

The company secretary:

- Has good relations with regulators, investors and other stakeholders
- Banks often have their own compliance officers so must liaise with them
- Most important factors are compliance, best practice, corporate reputation and good citizenship

# Key global governance trends

- More focus on
  - Disclosure
  - Transparency
  - Accountability
  - Shareholder rights and engagement
  - Risk management and internal controls
  - Corporate social responsibility and ethics