Chairmen Fail in Governance Duty
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Financial Times
November 27, 2011

Objective

This article summarizes a study performed by Grant Thornton that was designed to examine how chairmen of companies take responsibility for corporate governance and how companies disclose their governance.

Methods

Grant Thornton examined the financial statements of each company in the FTSE 350 to determine which companies discussed corporate governance and to decide whether or not quality explanations were provided by those companies that did not discuss corporate governance.

Results

• Half of the FTSE 350 companies do not mention corporate governance in their annual reports
• Only 10% of chairmen give any real personal insight into their organization’s governance culture
• The quality of explanations as to why companies did not include mentions of corporate governance in their annual reports is decreasing
• 73% of companies failed to make their gender representation policy public
• European blue-chip companies performed better than UK blue-chip companies on ethical, social, and sustainability issues, with companies based in the Netherlands, Spain, and Germany receiving the highest scores

Conclusion

Chairmen of companies are looked up to, and therefore have an opportunity to set the tone for good governance throughout their entire organization. Addressing this subject in their
annual reports or providing personal insight into the corporate governance culture would be major steps in helping to set an ethical tone throughout the company.

http://www.ft.com/intl/cms/s/0/a44e913e-16b2-11e1-bc1d-00144feabdc0.html#axzz1fgiNaJgN