



IoD Voluntary Code of Conduct for Directors

The IoD recently published a policy paper on a voluntary code of conduct for Directors. Currently, in the UK and the Crown Dependencies, private company directors have no Code of Conduct. Directors who provide their services through a company service business may be subject to codes of conduct for those regulated businesses, but that doesn't apply to the many directors of private companies.

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With so many recent corporate governance failures, including Carillion, P&O ferries, BHS, and other significant enterprises, it's understandable that businesses should be more accountable to a broader group of stakeholders than just their shareholders.

As new corporate governance scandals arise, the government may wish to impose regulations to reduce the issues. The IoD feels that more rules will add complexity and won't necessarily solve the problem. Instead, it recommends a more flexible, voluntary approach emphasising individual responsibility and the importance of a business-led solution.

We've spent years working in regulated financial services, as well as in private companies. Regulated businesses have heavy compliance requirements, which seem unduly burdensome for private companies. No conduct framework is insufficient, given the number of governance scandals over the past few years. As Directors, we must meet the Corporate Law requirements in our jurisdiction. We have additional requirements to meet if we are professionals in regulated industries, such as accountants, solicitors, auditors, and corporate governance specialists. But what about directors who aren't regulated? The suggested Code of Conduct the IoD recommends seems like a sensible approach but needs to be driven by business leaders to ensure it gets the full buy-in of private Company Directors.

The draft Code of Conduct itself is short. Only three pages long, it's not onerous and aligns with Director responsibilities in Corporate Law. It includes nine topics, each setting out several points a Director will agree to meet. It also gives practical, pragmatic ways that Directors can ensure they meet a standard Code of Conduct.

If you are a Director, consider adopting the draft Code of Conduct today. Then you can make suggestions on changes and be ready to support it should it get rolled out. If you are a business, we encourage you to consider supporting the IoD's efforts on this voluntary code before more regulation lands on our desks.

Please click on the link below to access the full report

[IoD-A-voluntary-code-of-conduct-for-directors.pdf](#)