Governance + Compliance
Issue 4 | August 2025

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Taking out the garbage

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Complexity is a double-edged sword for the chartered expert. It's frustrating and makes risk harder to understand, let alone manage. But it also cements the role of the professional as vital interpreter.

This month I read two interesting ideas on complexity. The 'Garbage Can' business model is "characterized by problematic preferences, unclear technology, and fluid participation," said the concept's authors in 1972. More recently, Dr Ruthanne Huising found few people inside businesses she studied could see how processes fit together – trusting that those at the top understood what was going on. But shown the process maps she'd pulled together, the CEOs of the organisations blanched: they had no idea how opaque their value chains were.

Then there's the 'Bitter Lesson'. Prof. Ethan Mollick at Wharton (the source of my wisdom) explains this as "the realisation that our understanding of problems built from a lifetime of experience is not that important in solving a problem with AI." Ouch.

Mollick's point? As AI gets more sophisticated, there may be a point when its understanding of the general principles of a concept like "good governance" allow AI both to do what we do *and* to unpick the 'garbage' complexity we haven't.

So why aren't I worried (yet)? First, people *really* don't like AI making decisions that matter (search "Hertz AI damage" for one example). Second, governance has never been just about unpicking complexity (internal or regulatory). Values matter. Your "lifetime of experience" is as much about people as process. And while people *are* messy, they're very much not 'garbage.'

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Company Secretarial and Corporate Governance Specialists

FTSE 250 Snr Assistant Co-Sec - Industry

London SW1/Hybrid

International FTSE 250 industrial business now seeks to appoint a qualified Senior Assistant Co-Sec to join their small yet experienced team. The ideal candidate will have some strong PLC experience to-date and be comfortable working with senior, international stakeholders. This role will encompass a broad remit including key committee and board support, listed work and support with the annual report. Reporting to the Group Company Secretary, you will be responsible for providing company secretarial services to the Board and the Executive Committee and to their various sub-committees. You will play a central role in the corporate governance and general administration of the plc, especially concerning the relationships between the Company and its shareholders and regulators, and between Company management and the non-executive directors. This role would suit an experienced candidate, with a mature, unflappable approach, an effective communicator - comfortable with minuting meetings and able to work with all levels of seniority within the business. There is scope for promotion to Deputy within two to three years subject to normal performance criteria. A full job description is available on request. A competitive base salary and package are on offer. **3570**

Head of Local Governance

Peterborough/Hybrid

Our client is a large, and growing, group of schools who are now looking to bring on a new Head of Local Governance into the organisation as the current post holder is retiring. The role is offered on a full time, Permanent basis and can be done remotely with the occasional travel to London and Peterborough where the Head office is located. The Head of Local Governance is responsible for ensuring effective local governance across all of the academy and independent schools. You will work closely with Trustees, the Executive Team, Company Secretary and Regional Directors to ensure that our local governing bodies are well-led and have the information, advice, guidance and support they need to carry out their roles effectively in support of school improvement and in a way that is aligned with group strategy. You will provide expert advice and guidance to Chairs of LGBs and to Headteachers in support of strong local governance, helping colleagues to build effective relationships and handle their responsibilities diligently. **3687**

Governance Professional (Co/Sec) - 14month

London EC3/Remote

An exciting contract opportunity has arisen within a highly regarded governance team of this global asset manager. This role is to be offered as a 14month contract on a full time basis (maternity cover with allowance for a handover at either end). This is a senior hire and you'll ideally have experience with investment fund structures with exposure to the asset management sector, although due consideration will still be given to those with experience gained outside of this sector.This is a role that will really appeal to someone who is seeking fantastic exposure and the opportunity to be heavily involved in a wide range of corporate transaction activity. **3685**

Interim Co/Sec Assistant - 12 month FTC

East Croydon/remote

Our client, an international management consultancy seeks a candidate with some previous experience to join the small company secretarial team to help support their day-to-day activities during a particularly busy time - due to some extra projects that need to be completed over the next 12 month period. The company secretarial team of 5 professionals is part of the wider legal team, based in East Croydon. **3684**

PLC Assistant Secretary

Birmingham/Hybrid

Leading financial services plc seeks to recruit an Assistant Secretary to join its stable and supportive team. A full job description is available on request. This team does not have a high turnover, so stability and a good team fit will be important to them. This role would suit a candidate who is ideally already CGI qualified, with a minimum of 2-3 years previous financial services experience. The role will be offered on a hybrid basis, requiring the candidate to work 3 days in the Birmingham offices and the other two days could be from home. There would be occasional trips to London (c.3 times a year) for certain Board Meetings. This is a visible role, and will require someone with a high degree of tact and discretion due to the level of work involved. You will support on a range of governance issues, largely Board, NED and meeting support, plus Annual Report and Accounts work, acting as named company secretary for a number of subsidiaries, and building strong relationships and engagement with stakeholders nationally and internationally as well as other duties. **3690**

Professional Services - Manager or Assistant

London EC3/Remote

This brand new role offers a wonderful opportunity to join a truly collaborative and supportive company secretarial team, currently consisting of a team of five people. You'll be joining a very stable team, who collectively provide a full range of company secretarial services to a variety of UK based clients (private companies). With now complicated client ownership rules or timesheets to worry about, you can simply focus on the job in hand where you'll be assisted by all other members of the team. **3686**

If something catches your eye or for further information please do not hesitate to contact:

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Ian Rickard on **020 3735 6526**
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We recruit Company Secretaries, Governance and Compliance people. That's all we do.

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Head of Secretariat – FTSE-100

£Six-figures + bonus & LTIPs, W. London (2 days WFH) 2380

A rare opportunity to join a bold, entrepreneurial FTSE-100 company with global reach and a strong ESG focus. Reporting to the Group General Counsel & Company Secretary, you'll lead key governance activities, shape Board agendas, and support high-impact corporate actions. The role covers UK and Canadian listed company compliance, entity governance, and Board/Committee operations, with support from an experienced Assistant Company Secretary. Ideal for a CGI-qualified professional with FTSE and dual-listing experience, you'll combine commercial acumen with attention to detail, and bring confidence in advising senior stakeholders within a dynamic, fast-growing environment.

Interim Assistant Company Secretary – FTSE-100

£Market rate, London (2 days WFH), *September Start* 2382

A fast-paced FTSE-100 group is seeking an Interim Assistant Company Secretary to join its high-performing Secretariat team from September. This broad role covers listed company governance, Board and Committee support, subsidiary management, and year-end reporting. You'll work closely with senior stakeholders and contribute to key deliverables, including the Annual Report and share capital records. Ideal for a confident governance professional with strong technical knowledge and listed company experience, you'll bring precision, adaptability, and a proactive approach to a dynamic, collaborative environment.

Assistant Company Secretary – Financial Services

£Market-Rate, London (2 days WFH) 2379

A high-performing Lloyd's syndicate is hiring an Assistant Company Secretary for a newly created role within its governance function. Renowned for its client focus, collaborative culture, and deep expertise in the specialist insurance market, the organisation offers a dynamic and supportive environment. Reporting to the Company Secretary, you'll support Board and Committee operations, ensuring effective governance, compliance, and record-keeping across multiple regulated entities. This is a unique opportunity to shape a new role and develop your experience within a company that truly values its people. Interested? Get in touch to learn more.

Senior Governance Specialist – Large Household Name

£Competitive, Northern Home Counties (2 days WFH) 2372

Join a well-known organisation in a senior governance role supporting Board-level strategy and regulatory best practice. You'll advise on key frameworks including the Listing Rules, DTRs, MAR, and the UK Corporate Governance Code, and contribute to major outputs such as the Annual Report. Working closely with senior executives, this is a unique opportunity to help shape governance in a complex, regulated environment. You'll be professionally qualified (Chartered Secretary or Lawyer) with strong corporate governance expertise. The role offers a hybrid working model, with three days onsite. Ready to make an impact in a high-profile setting? Apply now.

Senior Assistant Company Secretary – FTSE-250

£80,000-£90,000, London (2 days WFH) 2367

A highly regarded financial services group is seeking a Senior Assistant Company Secretary to join its close-knit London Secretariat, reporting to an outstanding Group Company Secretary. In this pivotal role, you'll support regulated Boards and Committees, provide guidance across the business, and mentor junior team members. You will enjoy full exposure to all key events in the group's annual corporate calendar, working closely with stakeholders at all levels. This is ideal for a proactive, team-oriented professional who thrives with autonomy and enjoys working in a collaborative, high-performing environment. Interested in making a real impact? Get in touch to learn more.

Senior Assistant Company Secretary – Financial Services

£80,000-£100,000, London (2 days WFH) 2369

We're working with a global financial services group seeking a Senior Assistant Company Secretary to join their collaborative London team. Reporting to a highly regarded Company Secretary, you'll support the Group across Board and Committee management, corporate transactions, governance projects, and statutory compliance. You'll be expected to manage regulated Boards independently, though if your strength lies in technical or transactional work, the role can be tailored accordingly. This is a fantastic opportunity for a confident governance professional looking to step up in a supportive, high-performing environment within a global business. Ready to take the next step in your career? Get in touch.

We're thrilled to welcome Edd Cass to The Core Partnership!

Edd brings extensive governance recruitment experience, strengthening our growing team. As part of our employee-owned business, Edd joins our commitment to collaboration, long-term thinking, and your success.

Interim Board Secretariat Manager – Global LLP

£Attractive, London (2 days WFH) 2378

Join a high-performing secretariat team in a pivotal 12-month interim role at a leading global organisation. As Board Secretariat Manager, you'll ensure the smooth running of governance operations, support Board and Committee meetings, and oversee statutory compliance across group entities. We're looking for a qualified governance professional with strong knowledge of company law, meeting management, and stakeholder engagement. This is a great opportunity to bring your proactive mindset, attention to detail, and collaborative approach to a fast-paced, dynamic environment. Immediate availability (within one month) is preferred. Ready to make an impact? Get in touch today.

Company Secretarial Assistant – Private Equity

£Competitive, London (1 day WFH) 2383

We're working with a well-regarded mid-market private equity firm seeking a Company Secretarial Assistant to join their close-knit London team. In this varied role, you'll support the Company Secretary with a range of company secretarial and administrative duties, including meeting preparation and statutory filings. With strong attention to detail and a proactive mindset, you'll gain valuable exposure across a range of entities in a fast-paced, dynamic investment environment. If you're looking to grow your experience in a supportive and high-performing setting, we'd love to hear from you.

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Change, challenge, community

Reflections on more than six years as CEO of CGIUKI.

Sara Drake

Over the past six years I have had the extraordinary privilege of guiding the Institute as Chief Executive. Now I am stepping down, I can reflect on what a period of profound change it has been. My last time seeing many of you will have been July's Annual Conference, a wonderful event, so full of energy and optimism, that I could not wish for a better farewell.

Navigating global and social changes

When I began this role, we were working through the aftermath of Brexit. Then came the pandemic, lockdowns, and a rapid shift in how we worked together. The post-Covid recovery was cut short by war in Ukraine, the highest inflation for 40 years, and a resulting cost of living crisis. Global instability continues, tested by the war in Palestine, and the loss of influence of the post-Second World War global institutions. As Browen Maddox, director and CEO of international relations think-tank Chatham house commented in her keynote at the conference, the old world order is gone, replaced by increased regionalisation and unilateralism.

Culturally, expectations on organisations have evolved. Diversity, inclusion and ethical leadership became central and following the death of George Floyd led to greater examination of the policies governing out businesses and institutions; the past six years has seen heated debate on trans and gender issues, too, a debate which became polarising for many.

Transforming the Institute

To support our members through these times of change, and to ensure that they are one step ahead of the issues, the Institute needed to evolve – to transform.

We are fortunate to be able to draw on our resources – people, values, and finances – to respond robustly to major challenges. We can adapt to ensure we continue to deliver member value, not least in our response to the pandemic. We accelerated our digital strategy and modernised our systems, with the support of our forward-looking board.

This streamlined our data management and enhanced the services we provide. Through the MyCG portal, you can now manage your membership more independently, with self-service features that put you in control.

Online exams, which had been a medium-term goal, became a reality within months. Staff worked tirelessly to ensure that hundreds of students were able to advance their careers with qualifications in place instead of having to wait until in-person exams might have reopened.

We introduced a new Learning Management System, a digital platform enabling students to access study materials and progress at their own pace; expanded our range of qualifications; and supported new routes to a career in governance including apprenticeships and Fast Track for adjacent professions.

Growing influence and reach

Our policy influence has strengthened, with contributions to sector-wide standards and frameworks, engaging with Parliament and regulators, and launching our policy manifesto ahead of the 2024 general election. *[See page 14.]* We have extended our global reach, delivering training to governments, corporates, charities and regulated industries – within our territories and beyond. We also strengthened ties with our branches in the UK and Associated territories.

Collaborating with great people

Each role teaches you something new. I brought to this role experience from leading professional bodies in sectors as varied as project management, construction and legal services. In all of them, delivery, integrity and the power of communication and adaptability are essential. Those skills have been invaluable in working alongside many great people here. My goal has always been to help those within the Institute stretch themselves to learn and acquire the skills needed to support their commitment to their personal goals and professional development.

Being part of a global body means we have really benefited from the support and learning of the CEOs in the other divisions, most recently with collaborative working on the recent global branding research which will inform the future development of qualifications and membership.

I was particularly moved on a visit to South Africa hearing of professionals confronting corruption with courage – reminding me why integrity is the cornerstone of the governance profession.

Raising standards and widening access

These global conversations about ethics and courage in governance also raise the ongoing debate about the value of being a regulated profession. There are arguments on both sides. Alongside our traditional routes to accreditation, we are expanding our support for those many thousands working in governance roles outside the chartered pathway. This initiative will help raise their knowledge and skills, supporting both their development, and that of the organisations they serve. After all, as we have said so often, good governance leads to better decisions at every level of an organisation; and better decisions create a better world.

I am pleased that the Institute continues to lead in standard-setting, notably with work on board performance reviews and reporting. In 2023 we launched a new Code of Practice, supported by guidance and an accreditation and training programme for board performance reviewers. This is designed to raise standards and help boards and their stakeholders maximise the benefits and value of board reviews. This focus on standards here at the Institute mirrors the qualities all governance professionals bring to their roles.

Curiosity and visibility

I have developed a deep appreciation for how helpful and solutions-focused our members are. Our 2022 report *The Relevance of the Governance Professional* captured the traits you value in successful colleagues: curiosity, adaptability, and the ability to be a ‘jack of all trades’ in an ever-evolving role. Alongside these are the soft skills so vital to getting things done – emotional intelligence, trustworthiness, and resilience.

That much is evident in our workplace survey: four-out-of-five respondents report high job satisfaction, outperforming many other professions. It’s encouraging to see that you are also increasingly valued externally.

Public awareness of governance has grown – from the tragic consequences of the Post Office scandal, to the viral stardom of council Zoom meeting hero Jackie Weaver – the public has seen governance in action. The King becoming our Royal Patron affirmed the importance of our work at a time when such patronage was being heavily streamlined.

This has also encouraged charities to speak more openly about their governance issues. We are pleased to support this through guidance, training and the revised Charity Code.

Our future is strong, but we need to adapt

The future will bring new challenges. ESG will be embedded in strategy and risk. Boards will face scrutiny over AI ethics, climate disruption, and competing stakeholder interests. Technology will reshape governance, demanding stronger ethical oversight and multidisciplinary skills.

Governance professionals will need to be more adaptable, tech-savvy and visible. But the core of this profession remains constant: integrity, trust and clarity.

I leave confident in the future of the Institute and proud of what we have achieved together. Thank you to everyone who made me feel welcome and supported – our members, staff, volunteers, board, board presidents, and global council. Your intelligence, resilience, and practicality have inspired me every day.

Governance is a force for good. It brings purpose and accountability to organisations and society. As I step away, I do so with pride and excitement for what lies ahead for each of us and with confidence that the Institute will continue be here to support you every step of the way – through thought leadership, professional development and a strong independent voice on the issues which matter most to you.

Sara Drake IS CEO OF THE CHARTERED GOVERNANCE INSTITUTE UK & IRELAND

Our brain-food buffet

Some great speakers at annual conference got Peter Swabey thinking hard…

Peter Swabey FCG

I was delighted to see that so many of you were able to join us at the Institute's annual conference on 1st and 2nd July. I thought it was an excellent event – and the team had pulled together an interesting programme which covered, I think, all the issues that I might have expected to see.

I'm not going to go into detail on what we saw – there's a brief summary and some pictures a few pages hence – but I do want to offer a few personal observations.

For me the major themes were, as you would expect, Companies House; the updated UK Corporate Governance Code; and artificial intelligence. I particularly enjoyed the session from Mark Buckley, Implementation Lead – Authorised Corporate Service Providers (ACSPs) at Companies House, which gave attendees a forum to ask their burning questions, particularly those around the new requirements for identity verification (IDV). A few of them went into some detail, and I know that Mark was impressed, as I was, by the level of thought being given to the upcoming changes. (If you're less well advanced on IDV and ACSPs, there's a good primer on page 58 of this edition.)

I've been asked a couple of times in recent weeks why Chartered Secretaries are not automatically qualified as ACSPs. There is no reason why we cannot qualify ourselves, but the bottom line is that the government believes that the IDV process is something that directors should do for themselves wherever possible. There will be some individual circumstances where this is not possible, hence the creation of ACSPs, but in general directors should, with perhaps a little support from their company secretary, be able to complete the process. Personally, I see no reason why an organisation with a qualified company secretary should feel the need to use an ACSP.

Real intelligence

The second morning began with a session on AI and regulation from Tracey Brady and Claire Bodanis, two individuals with strong views on the ways in which AI may transform our profession, but views that were not necessarily completely aligned.

It brought home to me again what a great opportunity AI creates for us all, but how important it is that we consider its use carefully; recognise the risks it brings alongside its opportunities; and use it in the way that best fits the needs of our own organisation.

Our report, *AI: Transforming Professional Practices* was published on 10 June, looked at this is some detail and, if you haven't read it yet, I strongly recommend it to you. There's a summary of the key findings on page 30, including a QR code to take you to the full report.

Code to joy

Two of the post-lunch breakout sessions on the second day focussed on governance codes. One looked at the new Charity Governance Code, which we expect to be launched in September and explored some of the anticipated changes. The other gave delegates an opportunity to hear from Maureen Beresford, Head of Corporate Governance at the Financial Reporting Council (FRC) about the new Provision 29 of the UK Corporate Governance Code, requiring companies to provide more information about their internal controls.

This has caused a lot of concern from some companies, so we also arranged for two company secretaries, Victoria Whyte FCG, SVP & Company Secretary at GSK, and Lyn Colloff FCG, formerly Company Secretary at Wincanton, to explain how they had tackled the issue.

I have never seen this as such a significant an issue as some – surely if directors were not previously satisfied that the company's internal controls were effective, they should have been – and there is a view that a lot of the concern has been fuelled by consultants keen to be given some work (I am both a cynic and old enough to remember Y2K!).

It was good to hear that there is no expectation on the part of the FRC that companies obtain external advice on the effectiveness of the external controls, particularly if they have an effective internal audit function. It is for boards and their committees to decide whether any external assurance is necessary (and if they decide that it is, I think it legitimate to ask why they didn't require this is previous years).

People and boards

Finally on the conference, I should like to draw your attention to a piece of research published by the University of Exeter Business School and Henley Business School, the *Board Behavioural Dynamics handbook*, which Loretto Leavy FCG launched at conference. This is covered by Loretto in more detail in at www.govcompmag.com – where you can also find past articles on her work with Dr Ruth Sealy, featuring their research and maturity maps for board evolution. (We'll be returning to their work in these pages soon.)

But, in brief, the handbook maps in granular detail how to facilitate the people processes of the Board – appointing, inducting, training & developing, evaluating & acting, NED succession planning, composing & designing, and reappointing. Again, I think this is well worth a read.

Papers, please?

Sextus Empiricus, the 3rd century Greek philosopher, wrote that, "The mills of the gods grind slowly, but they grind small." I was reminded of this a couple of weeks ago when the government published its response to the report it has received from the Digitisation Taskforce, chaired by Sir Douglas Flint. It has been assessing how the UK can eliminate the use of paper share certificates for traded companies, which create inefficiencies and costs for companies and investors; and improve the intermediated system of share ownership so that investors are better able to exercise rights associated with shares which intermediaries hold on their behalf.

One of my early projects as a young registrar was considering the dematerialisation of share certificates; I think everyone felt that this was a great idea in principle. The challenge was always finding a way that didn't involve some part of the market in additional cost, and until that was possible the idea bounced around the market like a grenade with the pin out, waiting for someone to pick it up.

The recommendations of Sir Douglas's task force seem sensible, particularly to proceed in a stepped process, and we look forward to engaging with the Government and its Technical Group, with experts from different parts of the sector, to carry this work forward.

If you would like to be involved, or have views on the subject, please let us know at policy@cgi.org.uk

Peter Swabey FCG
IS POLICY & RESEARCH DIRECTOR AT THE CHARTERED GOVERNANCE INSTITUTE UK & IRELAND

Bye British?

Could an injection of pension capital save the LSE?

Anthony Hilton

Both the most recent Conservative Chancellor Jeremy Hunt and his successor, Labour's Rachel Reeves, are worried about the stock market. The number of companies listed in the UK is falling, and, though this is a long-term trend, it has been getting worse in the last 18 months. London used to be third biggest exchange behind New York and Tokyo. Now Euronext, the continental exchange, is the biggest in Europe. The London Stock Exchange (LSE), with a collective market cap around $3.4trn, scrapes into the global top ten behind three China-based exchanges and the National Stock Exchange of India.

There is a dearth of new issues, or IPOs, coming to the market. Where Wall Street has powered ahead, London has been almost moribund, seeing just eight IPOs on the Main Market in 2024 with less that £1bn raised. (The New York Stock Exchange hosted 225 IPOs last year.) Some good companies have moved, or are contemplating a move, to Wall Street – and few are replacing them.

Reeves says the stock market should be a major source of new capital for companies that want to grow, so it is important that it prospers. She's echoing the mantra of stockbrokers, accountants, PR advisers and other professionals – hence the lobbying.

But that assertion about capital is no longer true, and hasn't been for some time. In a report for the Government, economist Professor John Kay found that new capital raised in the stock market was dwarfed by company share buy-backs… which *shrink* the market. IPOs are largely used by owners to take capital out of companies by selling their shares. He said that if companies want to expand, they either use retained profits, or they borrow. Hence corporate bonds are much bigger than the stock market.

Add in the rapid growth of private equity – especially mega-funds that have been taking public companies off markets at an accelerating pace – and it's hardly surprising that the quoted sector is stagnant.

Reeves, again echoing Hunt, has also suggested that pension funds should invest more in the UK. But, increasingly, ownership of listed shares is not a particular good way to do this. Thus 17 of the larger funds have signed up to a voluntary pact to put sums into infrastructure, property, and other UK assets held privately. This has ruffled feathers, partly because fund managers don't know much about private markets, and partly because trustees worry that this might not be the best return for investors.

Perhaps Reeves is not addressing the real problem. More than a decade ago, then Governor of the Bank of England Mervyn King assured me the City had huge quantities of capital – an vital enabler of growth – and that was what made it a world player. But if this capital should decant elsewhere, he warned, the City would fade away because there would be no reason for companies to come here.

He was right be sound the alarm. Before the regulatory and accountancy reforms of the 1990s – driven by the governance failures surrounding Robert Maxwell's empire – pension funds used to invest about 70% in UK shares. Now it is about 5%. More goes into overseas equities, but most goes into bonds. The unintended consequences of those reforms have been disastrous for UK equities.

UK pension funds remain a huge source of capital, but it is not used to create the thriving domestic businesses on which national prosperity must depend. There is now a strong argument that they should be made to invest in UK-listed equities – and private venture capital funds which could take emerging British companies though their second stage of growth towards… an IPO.

Tax relief on individuals' contributions give their pensions a big start. But this relief also gives a huge boost to pension funds. Indeed, funds would be barely viable without this extra money. So if pension funds will not do what's required, what is to stop Government from cutting the tax relief? That would concentrate minds of the investment strategists.

Controversial, perhaps. But limply messing around with minor regulations won't solve our growth problems, nor save the London Stock Exchange.

Anthony Hilton FORMER FINANCIAL EDITOR OF THE LONDON EVENING STANDARD

New faces

The Institute has announced key leadership changes, with the appointment of Ruairí Cosgrove FCG as President, and Linda Ford as Chief Executive Officer.

Phil Pemberton

CGIUKI has announced the appointment of Ruairí Cosgrove FCG as our new President following the conclusion of Charles Brown FCG's term on 31 July. Ruairí *(above, right)* brings extensive experience to the role, having served as Vice President for the past four years. A former President of CGIUKI's Irish Region and Chair of the Education and Learning Committee, he is also a current Council member. He leads PwC Dublin's Entity Governance and Compliance Department, advising clients and delivering director training.

"I am delighted and honoured to be appointed as President," said Ruairí. "It is a privilege to chair an organisation that champions excellence in governance and integrity. I look forward to contributing to its mission, engaging with fellow professionals in all of our regions, and promoting our high-quality qualifications."

Ruairí has been elected for a one-year term, with the possibility of a second year under the Institute's constitution. This appointment follows a structured succession process overseen by the Board. As part of the transition, Victoria Penrice FCG retired as Past President, with Charles Brown FCG stepping into that role. The resulting Board vacancy has been filled by Kerry Round FCG, following an election.

Kerry is a Chartered Secretary, Public Practitioner, and Founding Director of Round Governance Services Ltd. She has also served as an Associate Lecturer on the MSc Governance programme at the University of Lincoln.

"I'm overwhelmed at receiving the members' vote as director of the Board of the UKI CGI," said Kerry. "My application spoke of being part of a Board that continues to evolve its practices, offerings and awareness of how the world and governance are changing."

These appointments reflect the Institute's continued commitment to strong governance, diverse leadership and meaningful member engagement across the UK, Ireland and Associated Territories.

And in the executive...

CGIUKI has also announced the appointment of a new CEO. Linda Ford *(above)* will take up the role in September, succeeding Sara Drake, who has served as CEO since 2019.

Linda has a distinguished track record of leadership, membership growth and organisational transformation. As former CEO and Registrar of the Chartered Institute of Legal Executives (CILEX), she led ambitious reforms, expanded access to professional qualifications and secured legislative and regulatory change. Her experience spans governance, stakeholder engagement, education, and digital innovation.

"We are delighted to welcome Linda Ford to CGIUKI," said Charles Brown FCG. "Linda brings an exceptional blend of insight, transformational leadership and strategic clarity to the role. Her career reflects a deep commitment to professional standards, inclusion and innovation – all vital to CGIUKI's next phase of growth. I'd also like to thank Sara Drake for her outstanding service and excellent leadership."

Linda added: "I am honoured to join CGIUKI at such a pivotal moment. Organisations and professionals are navigating complex challenges, from the accelerating impact of AI and growing cyber risks, to global instability and rising demands for transparency. The Institute plays a vital leadership role in supporting good governance and promoting trusted professionals across jurisdictions. I look forward to building on its strong foundations."

Phil Pemberton HEAD OF CONTENT AT THE CHARTERED GOVERNANCE INSTITUTE UK & IRELAND

Claiming our space

Our lobbying work is designed to raise awareness of governance issues and the value of the profession. It underpins our ability to influence legislation which impacts the profession.

David Mortimer

"Your work is a key part of what makes the UK's governance regime globally respected. Part of what makes the UK a great place to invest. And that investment, that confidence, is vital to the economic growth that is at the heart of this government's mission and our Plan for Change."

These words were shared at our Annual Conference in July on behalf of Justin Madders MP, the Minister for Employment Rights, Competition and Markets at the Department of Business and Trade (DBT).

That the DBT is framing governance as a driver of confidence and stability in our business environment is good news for the profession. It aligns us with the Government's mission for economic growth – in Chancellor Rachel Reeves's own words: "Boosting the economy is the most important goal of Keir Starmer's government."

How do legislators view governance?

Governance is linked to business in many debates in Parliament. But that's not the only context where it matters. In the last year it was referenced over 1,300 times in the Commons and Lords. It is often shorthand for who holds power and how it is exercised; how decisions are made, reported and scrutinised; and whether organisations fulfil their purpose effectively and ethically.

Stephanie Peacock MP's statement during a debate on the Football Governance Bill in June exemplifies this: "For too long, fans have felt that football governance has been undermined by opaque ownership structures, shadowy investment vehicles and individuals who exercise effective control without proper scrutiny or accountability."

When parliamentarians talk about governance, they are asking whether organisations are well-led, serve their communities, and contribute to a fair, resilient economy.

Our members are experts in advising boards to make better decisions across multiple areas and topics. As your member organisation, we distil and present your arguments, making sure your views and expertise are factored into decision making by legislators, civil servants and regulators.

A stake in the ground

The Government ended its first year in power with a raft of strategies and plans following on from the Spending Review. Chief amongst these was the Industrial Strategy – and accompanying that was the Professional and Business Services Sector Plan. The plan aims to boost the UK's global leadership by simplifying regulation, supporting innovation, investing in skills and regional growth, and promoting international trade to safeguard and grow an economic contribution of professional services which they calculate at £300bn.

Governance is explicitly recognised in that plan as both a strategic asset and a priority for future development. It also acknowledges the evolving role of governance professionals in navigating emerging risks – particularly in areas such as AI ethics, ESG reporting, and cross-border compliance.

Engaging with the plan gives us the opportunity to partner around national initiatives, shape future standards; and ensure governance skills are properly recognised.

Adapting to a changeover of governing party

To influence Ministers and MPs, we must raise awareness of the Institute as the profession's expert voice. We have worked hard to do this over the last year. We launched our Policy Manifesto for Governance before last year's election. It concentrated on nine areas of policy change, ranging across corporate governance, climate change regulation, employee share plans and football governance.

We sent this out to influencers across all parties, and I met and briefed a number of MPs on our topics that spring. One success from this was that our call for reform of all-employee share plans was incorporated by the Labour Co-operative Party into their Policy Manifesto. As a subgroup of Labour MPs and Ministers, this is helpful to our on-going campaign. More generally, we have seen progress against almost all of our policy objectives.

To enhance our visibility, I engaged with Ministers ahead of the election and afterwards, including at the Labour Party conference in Autumn 2024. That engagement led to meeting four Secretaries of State and many more Ministers. We followed up by tailoring our policy asks to the emerging legislative agenda.

One clear result was being invited by Jonathan Reynolds, Secretary of State for DBT, to attend a roundtable on the Audit Reform and Corporate Governance white paper in the Autumn. We have also activity engaged with relevant Select Committees including suggesting what the Business and Trade Committee should focus on and meeting several members of the Treasury Committee.

Nurturing future Ministers

The current government has been in power for just over a year. As well as being the first change-over in governing party for 14 years, there was a huge influx of first-time MPs – more than half of those elected. This is the pool from which future Ministers will be drawn, and we set out to reach them post-election.

Following the election, all 335 newly elected MPs were contacted to introduce the Institute and offer briefings. This led to a series of one-to-one meetings across the political spectrum, primarily on corporate governance issues. We hosted a parliamentary drop-in session in November to make it easy for interested MPs to learn more, and we have built relationships with over 70 MPs – many new to organisational governance – giving us a strong base from which to grow.

Championing share plan reform

Alongside our broader public affairs work, we've continued to advocate strongly on behalf of ProShare members for meaningful reform of all-employee share plans. Throughout the past year, our focus has been on maintaining pressure on the Treasury to respond to the 2023 consultation and to bring forward proposals for reform.

Ahead of the Autumn Budget, we coordinated a joint letter to the Chancellor – signed by over 60 major employers, including many FTSE 100 companies – calling for a response on reforming Share Incentive Plans (SIP) and Save As You Earn (SAYE) schemes.

Our cross-party approach has included outreach to Labour, LibDem, and Conservative MPs. With the Budget in sight, we're maintaining momentum through roundtables, stakeholder engagement, and industry mobilisation. Our goal is clear: to modernise and expand access to employee share ownership – and ensure its benefits are better understood by policymakers and the public.

What comes next?

Building on these strong foundations, our public affairs work is now entering a more focused and strategic phase. We are refining our policy priorities to concentrate on a smaller number of high-impact issues where the Institute can offer deep expertise and credible insight, such as:

- Non-financial reporting
- Debate over the purpose of a company and section 172
- Smart governance to reduce the costs of regulation by 25%
- AI risks and governance
- Monitoring Company's House reform
- Emerging DEI changes

...along with other issues concerning the boardroom highlighted elsewhere in this edition, including in our *Boardroom Bellwether* survey results.

We have the benefit of drawing on the expertise of our members across a wide range of sectors. Our member interest groups play a vital role in helping us understand the priorities of senior governance professionals. We can call on expertise from the charity sector, education, housing and public sectors too. Focusing our resources is key.

Externally, we continue to engage with key stakeholders and identify opportunities to contribute to the wider policy debate. Our aim remains clear: to ensure that the voice of governance professionals is heard constructively in the conversations that matter.

David Mortimer
IS CGIUKI'S HEAD OF EXTERNAL AFFAIRS

Governance in a Changing World

The CGIUKI Annual Conference showed governance as a community, united in its mission to support its peers, organisations, and wider society.

RICHARD YOUNG
EDITOR, GOVERNANCE AND COMPLIANCE

Cassandra of Troy was cursed to see the future but never be believed – a feeling echoed by many governance professionals. As CEO Sara Drake said in her opening address: "We are facing profound transformations and shifting norms," yet old habits persist in business and society. As conference sessions made clear: the world is evolving, and governance must help it adapt.

Bronwen Maddox, CEO of Chatham House, opened with concerns about global governance. "In my old job as an investment analyst, you were never allowed to say 'this time it's different'. But this time it does seem to be," she said. She argued growth cannot come at the expense of governance: "We must have both. We don't want a world without governance, which is where too many forces over the past decade have been taking us." Yet she remains optimistic: organisations are adapting and collaborating to create order.

Grit and Leadership

What does it take to seize the moment? Erika Eliasson-Norris led a panel championing governance professionals who "shape the conditions for resilience." The most fundamental tasks – such as asking senior leaders, "is this right?" – require grit. "We should own the state of governance in our organisation, not apologise for it," she said.

Panellist Darren Barnett FCG (GSK) noted, "There's a lack of understanding about what we do. We're strategic advisers, but attitudes aren't catching up." Julian Baddley, (National Grid) added: "Joining the dots is key. We work across disciplines – from CEO transition, to AGMs, to ESG – and that's valuable."

Their advice: listen to boards, deliver on their agenda, and communicate your own achievements. That builds professional capital and makes it easier to show grit in the future.

The Role of AI

Harmeen Birk (Collective 8 AI) and Michaela Golden (YouGov) joined me de-hype AI. “Make sure the board is discussing it,” said Harmeen. “Ask if you really need it. What could or *should* be automated? Experiment somewhere.”

Michaela added, “If it’s AI for its own sake, you’re probably doing it wrong. Embedding is key; if AI is clunky or inaccurate, people just stop using it. Start with your team’s pain-points and ask how to solve them.”

The next governance challenge? The risks of “agentic AI” – that control systems, not just data.

Culture and Crisis

Sponsor Diligent kicked off day two with a session on AI and regulation. But there was thematic overlap with the discussion that followed it on integrating culture after a crisis. As consultant Charles Wookey noted, “accountability and transparency are keys, fostered by dialogue between leaders and stakeholders.” For company secretaries, being in the middle of a crisis can be isolating.

Organisational culture risks being imposed rather than nurtured. “After a crisis, a new purpose and plan are the starting gun, not the champagne cork,” Charles said. “And governance is a foundation for culture-building, not a check on it.”

The Future of ESG

Iraj Abdul Aziz (S&P Climate and Sustainability Services) offered a sense-check on ESG after a 2025 when the concept has been under attack. The best defence, he said, is knowing your purpose. “And do a value chain analysis – know your business. Mapping processes reveals risks and opportunities for decarbonisation.” This approach also eases regulatory disclosures.

However, ESG isn’t just for compliance or governance teams: “It’s board-led, but capacity building across the business is essential.”

Boardroom challenge

Sharon Constançon FCG (Genius Boards) tackled boardroom conflict – a tricky task every company secretary will face at some point. “Directors often don’t realise what they’re doing wrong,” she said. “But the CoSec needs to sense when challenging them is off-limits.” Good decisions can be derailed by bias or undue influence; smart CoSecs work closely with the chair to address issues early.

Samira Chambas-Yusuf ACG (Diageo) added, “I always offer briefings to the chair about potential issues, which can be as much about quiet voices as dominant ones.”
All panellists agreed: boardroom challenge isn’t ‘shutting people down’; prevention is always preferable to cure.

"Managing board dynamics always presents us with some juicy challenges"

Could you help ensure a 100-person boardroom runs smoothly... with, in the background, 78 shareholders who happen to be national governments (some of whom are at war)? Tom Edmondston-Low relishes the challenge.

INTERVIEW BY RICHARD YOUNG
EDITOR, GOVERNANCE AND COMPLIANCE

In Conversation is the CGIUKI's new series of interviews with leading figures in the world of governance. First for the video treatment is Tom Edmondston-Low MSc FCG, Director of Board and Institutional Affairs at the European Bank of Reconstruction and Development (EBRD). We joined him at the bank's Canary Wharf headquarters for what turned out to be a fascinating insight into the functioning of one of the most complex, political and largest boards in the world... one with a powerful sense of purpose.

EBRD was set up in 1991, just after the fall of the Berlin Wall, to help former communist command economies move towards a more market-based economy. Government shareholders provide capital, and the bank's teams make investments in private enterprises to support jobs, markets, development goals and infrastructure. After the Arab Spring in 2011, EBRD expanded to North Africa, and now it's looking to expand its sub-Saharan Africa activities.

G+C: What sort of projects are you investing in?

Tom Edmondston-Low: It might be helping to privatise or help make state companies run more efficiently. We'd then be looking to support private sector companies – with grant-funded business advisory services, or giving them commercial loans. And eventually, if they really develop, we're looking to invest equity. And that's where the real transition impact comes in.

G+C: So development is the mission.

TE-L: Absolutely. It's similar to other international financial institutions [IFIs] such as the World Bank and the IMF. We have 78 members, including the European Commission and the European Investment Bank; the G7 countries own a majority of the EBRD.

Now, having that many countries with that many different views in one institution obviously presents its own issues. Geopolitics really does play out here in the boardroom. And that's quite a challenge. One example is, by accident of alphabet, the Russian director was sitting next to the Ukrainian director back in 2022. The countries are making fairly strong statements about each other, but they're having to sit next to each other in the boardroom. Managing those kinds of dynamics always presents us with some juicy challenges.

G+C: It's not the standard CoSec role, then?

TE-L: We have 23 board directors, which is already a large number. Not only that, they're also resident in the building – they don't come in every few weeks for a board meeting, they're here five days a week. They also have 23 alternate directors to support them; plus advisers. So the board of directors as a whole is about 100 people strong.

We have 20 people in my team to provide support to them – everything from HR to day-to-day admin. Knowing the dynamics of those 23 directors and who they represent is a challenge, but it's actually really exciting. It helps that my background is strong in terms of diplomacy and international engagement.

G+C: How did you end up here, then?

TE-L: I started doing Eurobond sales in Frankfurt for Kleinwort Benson, then moved to private finance in my home country of Luxembourg. I wound up working for the UK government, who assigned me to the European Commission. They sent me here to the EBRD to work as an adviser in the board office, for the director for the European Commission. I was with them for four years – and then I saw corporate governance as my calling, so hopped across into the bank, and I've been there for 11 happy years.

G+C: So you came on assignment and went native.

TE-L: I don't know! I see Company Secretaries as the independent middle-person between the bank and the board. We are liaison, the shuttle diplomacy between the two. I've gone native from the office of the Secretary General, but that means that I'm well placed between the two. Hopefully, most Company Secretaries feel that they are in a very similar situation.

G+C: A lot of CoSecs would recognise that 'diplomacy' role. How do you handle it?

TE-L: The first thing that you need to do is separate the country, what their capital is saying, from the person who is sitting in front of you. They understand where all the other directors are, and they have a job to do in terms of trying to find consensus here in London, but also persuading their capitals to that consensus.

We work with those directors to try and help them create the narrative that can persuade their capital to the consensus view. It's very enjoyable trying to find the right diplomatic way to move forward.

G+C: On many boards the challenge is keeping directors focused on strategy.

TE-L: That is very different here in the EBRD. The board of directors has to approve all the projects, which is different to the private sector. When I first started, every single project would come through the board, so the meeting could be interminable. They were a day normally, sometimes two, especially when it was a busy time, and that's every other week.

Between us in the Secretary General's office and the board, we've really tried to narrow down our focus. We delegate a lot of the smaller projects to management, and we've created a two-tier system where some projects get discussed at the board and others don't. That's enabled the board to have a much more strategic approach – that's really important, and it's certainly going in the right direction.

G+C: How do you structure the secretariat to support all that?

TE-L: We're about 50 people in total. I've got two compatriots, also directors. One looks after annual meetings, the protocol, and language services. There's a whole team to do all the translations and the interpretation in the boardroom. The annual meeting is a bit different to a conventional AGM, even though they look and feel very similar in some aspects. They're much bigger for a start.

Then the shareholder relations team under the other director looks after our governments and capitals – outreach to try and see if there's any interest from their own nation's companies to come in and co-invest with us into projects, for example.

So one big difference is the pure size of the board. The second one is how directors are appointed here in the EBRD. In the private sector, you'll have a skills matrix, you'll have a nomination committee. Here, they are appointed by their own government. That's understandable, but it does mean that we don't have full control over who lands here.

The third thing is board evaluations. We are doing our first one later on this year, which is quite daunting but quite exciting as well, because it's really moving us forward in trying to adopt private-sector best practice here in the IFI world. We're still in the early stages, and it's going to be quite interesting to see what comes out of it. I think we need to do this maybe even three times before we can see a trend and the direction of travel that we or the board want to go in.

G+C: Why is it so important to set high standards?

TE-L: The Board needs to be leading by example. When we're investing in a private sector company, for example, we want to make sure that they have proper corporate governance in place. But we should make sure that we're doing at least most of that, if not all of it. Obviously, it's slightly different – we're a multilateral institution. There are bound to be big differences, and that's fine, but it's a comply-and-explain approach.

We have an evaluation department and an accountability mechanism, both functions independent from management, reporting directly to the board of directors – to the audit committee chair, in fact. We interact with them quite a lot in terms of ensuring that they have good access to the board, and we try and help that liaison to ensure everybody understands why those independent functions exist.

G+C: Setting those standards must be harder in some parts of the world.

TE-L: Absolutely. And tackling corruption is a key issue for the institution, which is why we've also set up corruption ombudspeople in certain countries of our operations.

Corporate governance is as important in Poland, which has very developed financial markets, to maybe somewhere that's at the beginning of that trajectory, for example, Mongolia. I'm not saying that one is more corrupt than the other or less corrupt, but they're just at a different point on that trajectory. What you're going to expect on the Warsaw Stock Exchange is going to be something a bit more than what you might expect in Ulaanbaatar.

G+C: There's a strong sense of purpose here. Can you engage with the EBRD's fieldwork?

TE-L: Two projects spring to mind. One is the massive solar farm that we invested in and helped build in Egypt, which is massive; it's really contributing to their energy mix and to climate change in general, it's huge infrastructure. But another that spoke to me quite a lot was a small waste-recycling project in a town just outside of Tbilisi in Georgia. It was quite a small investment: they bought a second-hand waste recycling plant from somewhere in Western Europe, and shipped it to this small town so that the waste collection improved massively. The direct impact that had on people's lives is just amazing. I went to visit that project and it really struck me: there's something great that this institution is doing.

G+C: How important is that connection between board and outcomes?

TE-L: It's massive, and not just for me in the CoSec team, but for the board directors themselves. We organise board consultation visits: directors will go out for a week and visit various projects in the countries of operations. For example, next week, there's a visit to Kazakhstan to see some of the projects we do there.

They get a really good understanding of how our investment can make a difference on the ground. When they come back here to London, they have a much better understanding of the purpose of the institution and why the bankers bring projects to the board for their approval.

Yes, it's expensive to take ten board directors and fly them halfway around the world for a week, but that's a small downpayment compared to what you get back from the experience and the knowledge that they bring back to London, to the headquarters.

G+C: How are you bringing that clarity and professionalism into the secretariat?

Investing in your professionalism and your personal growth is absolutely imperative, not just for yourself and a sense of self-worth, but also for the team. If you've got people who are growing in their role, they're going to be much more motivated. From my own perspective, when I started here quite a long time ago, it was, 'Yeah, we'll just muddle through and we'll work it out as we go along'. For me, that wasn't quite enough. I wanted to take the CGI exams so that I could understand the benchmark – so that we can then at least aspire to that. Working with CGI is very important for me to bring up the level of knowledge, the level of skills, and the level of professionalism. Not that we're not professional already, of course!

And we have a lot to learn from the private sector. We've got the name 'bank' in our title, and there are quite a few other banks in London! We've done some exchanges with two banks, Standard Chartered and Barclays, and their CoSec teams to exchange views on how to organise things – from how to manage committees, how to write minutes, the use of AI in terms of supporting the secretariat and the board, how to manage boardroom dynamics, the geopolitics in the board and so on.

G+C: So the governance journey is far from over?

TE-L: There's definitely lots of stuff we can do here in the EBRD to continuously improve our corporate governance and the efficiency of how we deliver it. Learning from the private sector is absolutely key. We're working very closely with CGI, and I'm very grateful for everything that they are doing with us. It is a long journey. Change takes time, not only to introduce it, but then to get it embedded as we go forward.

There's one other aspect that I think is important. At our annual meeting a few weeks ago, our board of Governors approved a new strategic capital framework which sets the five-year strategy. In it, there are certain priorities – for example, green transition, human capital investment, inclusion and diversity, and so on. There's also a pillar on corporate governance, governance inside our countries and the companies as well. I'm really excited about us in the Secretary of General's office being able to help and support our colleagues who are going to be delivering this on the ground.

It's a wealth of opportunities for us to take forward the corporate governance agenda, both internally and externally.

The full video interview with Tom, including a host of other questions and footage from EBRD, can be found at this QR code link:

"Warm words – but little action"

Sara Weller's MS interrupted a stellar career trajectory. When she realised it shouldn't have, she started to speak up. The FTSE 100's only openly disabled non-executive director says it's time for change.

DAVID MORTIMER
CGIUKI HEAD OF EXTERNAL AFFAIRS

We all have to make choices. "I trained as a scientist and have a very rational approach," says Sara Weller CBE. "When it came to choosing a career, I was torn between civil service and the commercial world – my parents were civil servants." But she chose the commercial path for personal reasons, joining Mars in 1983 to be closer to her future husband.

She loved working there and stayed for 13 years. When her role became pan-European, Sara was conscious of the negative impact travel was having on her family life.

Then a headhunter introduced her to Abbey National, suggesting that she was not what they thought they needed in a retail products director; and they were not what she thought she needed. But it could be alchemy. And it worked.

"At Mars I learnt the importance of value for money, to strip out unnecessary costs," she says. "At Abbey National I got to know my customers inside out. I met senior managers who knew the complexity of every banking product – but had no idea about their customers. I spent six months listening to those customers, and they simply did not understand those products. For them, all banks were the same."

It was her first introduction to compelling value of listening – and of being more inclusive to reflect other people's realities. "But it was not until I went to Argos that I saw real ethnic diversity," she says. Sara was managing director at the retailer from 2004 to 2011. "We had stores in South London with customers from 40 different nationalities. All our stores were representative of the people they served. But it was when I moved onto other sectors that I noticed there were many organisations where there was no match between the customer and those leading the organisations." It was the point when she started to think more formally about diversity.

Then something else happened to accelerate her thinking: in 2009 Sara learnt she had MS.

No treatments, no cure

"I had always been a person who planned for tomorrow," Sara says. "I wanted a huge financial security blanket around myself and my family – and that plan was ripped away. I told my boss but not my team, and for a year-and-a-half I just kept going as I waited to see how quickly the disease would progress. I got to early 2011 – the end of the financial year – and told my boss to start looking for someone else to take over. I was the natural successor, and if I had been healthy that would have been my aspiration, to become CEO. But I knew by then that I wouldn't take it even if I got it. Inside, I felt like I was a failure, damaged goods. I did not want 25,000 people looking at me whilst my condition deteriorated."

Looking back, Sara now thinks she could have adapted the way she worked to her diagnosis. "But there were no role models to suggest that at the time," she says. "I was competing with organisations run by alpha males – health and vigour was part of their brands. How could I compete, with a deteriorating condition, an uncurable one?"

Sara chose to redirect her career into board-level influence as a NED in companies including Lloyds, United Utilities, Virgin Bank – and as visiting fellow at the School of Corporate Governance at Saïd Business School. She has also served on the boards of government departments and is currently a NED at BT – as well as being chair of the Money and Pension Service. (Which means, of course, she's active in both the commercial and civil service worlds... that early career dilemma solved.)

Army of one

She is also the only NED in the FTSE 100 to be open about her disability, despite it being clear that there must be many more. Sara understands why they're anonymous. "People don't want the discussion of them to be framed by their condition," she says. "They want the conversation to be about the business. When I was one of the few retail leaders who was a woman, people wanted to talk to me about being a woman leader – with men, they want to know what the business is doing.

"Now I have had a good long career, it is fine if people focus on me being 'the disabled one'," she continues. "The first few people who disclose will get a lot of attention – and the next phase of my career will be encouraging people to normalise the conversation on disability. I want them to talk about how it is a disgrace that I am the only known disabled director."

Revealing that kind of information is a personal choice, and Sara points out it is one with consequences. "People think: 'no one at the top has a disability, so it is obvious you can't get there if you are disabled'. Or maybe they think some secretly do, but it's clear that 'I will be better off if I keep quiet'. The consequence is to dampen the performance of the organisation. Those, who ought to be willing to ask for adjustments, will not – and the organisation will be less productive."

Leaders often tell Sara they don't have many people 'disclosing' – a term she is clearly not fond of. She points out that people don't 'disclose', they share. And that happens when they trust they will be treated positively. Organisations should show they are constructive, be enthusiastic about workplace adjustments, and build that trust.

Measure to manage

At her first board meeting at BT, inclusion targets for gender and race were being reset. It was an opportunity. "I went, 'where's the disability target? Don't you think people with disabilities want to get promoted?'. There I was, sitting in a wheelchair. What were they going to say? That I was not a credible leader?"

Setting a target reorients activity in an organisation. It empowered the staff network at BT to highlight areas for change: workplace adjustments, leadership and coaching. "We've restructured the adjustment process, streamlining and digitising much of it," says Sara. "We now have 14% of senior leaders with a declared disability. Of the six other FTSE 100 companies that report on disability, four have between 1.8% and 3%; Lloyds is at 16%." (Interestingly, in the CGIUKI *Boardroom Bellwether 2025* disability was the facet of diversity respondents were most likely to say was missing from their board.)

As well as improving corporate targets, Sara is also seeking to influence policy. She acknowledges that some organisations won't act without pressure, though she doesn't support quotas. She highlights the importance of the Keep Britain Working Review, where she serves on the Advisory Group. The review will make recommendations to the Government later this year on how to raise employment to 80%, addressing the growing number of people economically inactive due to ill-health and disability. "And if disability pay gap reporting becomes legislation, companies will find they only have around half the disclosure they would like – mostly made up of those in relatively low-paid roles," she warns.

Taking action

Sara is also co-chair of ActionAble, a campaign to drive change. "Understanding disability starts with listening to people and identifying the barriers they face," she says, channelling her epiphany at Abbey. "Conversations around physical disability haven't progressed in years. When I raised the issue, I often heard warm words – but little action. People said their focus was already on gender and race, and that there was no business case for disability. Organisations are missing out on the growth opportunity presented by the two-in-five customers with disabilities who say they do not see the products and services they need. One-in-four people overall have a disability."

> **"The governance profession can make sure the organisation is walking the talk**

ActionAble brings employers together with specialists who know how to remove those barriers. Many haven't engaged simply because they didn't know where to start. "At our events, employers don't just listen – they develop their action plans in real time," Sara explains. "The goal is for every listed UK company to publish a disability action plan and report against it from the outset – not once they feel ready. Progress may be slow, but each year should bring improvement."

She is enthusiastic about the role of governance professionals, too. "My plea is to hold the organisation to account on its statements, which must be that their workforce represents the customers it serves," Sara says. "Lots is written in the annual report on what is being done for gender and racial diversity because that's the two targets they are forced to measure. The governance profession can help by making sure the organisation is walking the talk and doing what it says it is going to do so that their workforce feels equally included."

Employee Resource Groups (ERGs) play an important role in addressing this, she says, providing a safe space for colleagues to share lived experiences and help shape what the organisation should prioritise. "While some members may want to contribute to commercial initiatives – like making a new product more accessible – that should be optional. The core purpose of ERGs is to offer support and a voice."

ActionAble launched its impact report in July 2025, marking a significant milestone in advancing disability inclusion in the workplace. So far, 541 leaders have begun developing their action plans. Over 1,700 leaders registered for 20 sessions, and all resources were made available for six months to support continued progress.

The report reinforces that disability inclusion is not only a moral imperative but also a strategic opportunity – for economic growth, productivity, and customer reach. Sara's message is simple: we don't have to choose between accessibility and inclusion on the one hand, and career and commercial success on the other. They come as a package.

ActionAble: impactmatch.global/actionable-2025-impact-report/

Wether the storm

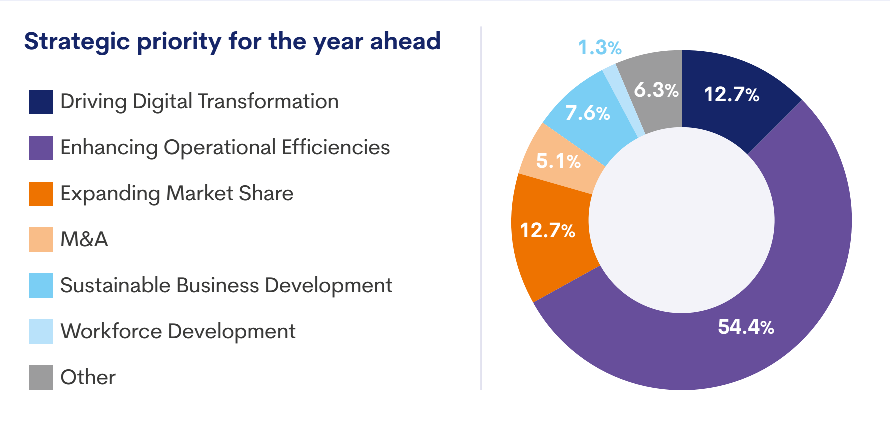
The CGIUKI Boardroom Bellwether 2025 makes sobering reading for policymakers. For under-pressure boards and governance professionals it's a reminder: you're not alone.

RICHARD YOUNG
EDITOR, GOVERNANCE AND COMPLIANCE

In June CGIUKI published its annual review of sentiment in the governance community, the *Boardroom Bellwether*. It canvassed the views of, predominantly, company secretaries to find out how boards are responding to the economy, market conditions, shifting risks, people and technological challenges – and the wider business and governance environment.

The results remind us: boardroom decision-making has rarely been more challenging. Organisations of every type are operating in a fluid, and often hostile, environment that (this year particularly) offers few certainties and elevated risks. Boards trying to unpick the temporary from the permanent, the cyclical change from the secular shift, need more support than ever from those charged with ensuring their decisions are responsible – our CGIUKI members.

For many of us, they also offer a reassurance: you're not alone. From unpredictable economic conditions to shifting board priorities; from AI and cybersecurity, to climate reporting and DEI – good governance has rarely faced such a heady mix of pressures.



But, encouragingly, the mood remains resilient. And for many governance professionals, the overriding challenge is keeping boards and organisations focused on the positives.

1. Boards face unpredictable economic conditions

Expectations for conditions in both the global and the UK economies for the year ahead have turned sharply negative. The last time this happened, in 2022, the data proved our respondents correct in their pessimism: global GDP growth halved.

President Trump is a factor, of course. The survey was completed in May, when his tariff vacillations were at their utmost. But one reason for pessimism at home might be found in another question we asked: "How do you see the competitiveness of the UK economy over the next five years?" Only a third of respondents said they expect it to improve, down from 47% in 2024. Top of the list of reasons? US policy (cited by 67%); regulatory frameworks were mentioned by 30%.

The fate of the London markets might also be souring sentiment. Only one-in-eight think the London Stock Exchange can halt its decline over the next five years; 61% think it won't.

Our chart (above) shows which areas respondents identified as the main strategic priority for their organisations. This neatly summarises where many businesses are right now: operational efficiency trumps growth and transformation. So it comes as no surprise that the proportion predicting a fall in capex in the year ahead is now more than one-in-four – it was less than one-in-ten just two years ago.

2. Cybersecurity is the number one concern

We had thought that the proportion of company secretaries predicting an increased board exposure to risk was elevated in 2024 at 57%. In 2025, it's now up to 72%. And while many of the same factors remain key drivers of that greater exposure this year, on most there's been a drift from 'fairly' to 'very' important. As one respondent pointed out: "Principal risks are a blend of the highlighted factors, of which several are currently elevated."

At the top of the list, two-thirds of company secretaries rate cyber risk 'very important' this year; just 3.6% say it's relatively unimportant. 71% of respondents see it increasing this year; two-thirds will be boosting spending on security as a result.

One FTSE 250 company secretary pointed out that there's a kind of gearing at work when it comes to digital dangers. "Cyber risk is increasing – not just exposure to malicious actors, but also greater reliance on technology compounding the risks," they told us. Another added: "As a banking institution where customers (and staff) use the internet and cloud-based systems, the cyber risk is high, and consistent messaging and awareness might not match the evolving tactics used by perpetrators."

3. AI has been adopted by a majority of quoted firms

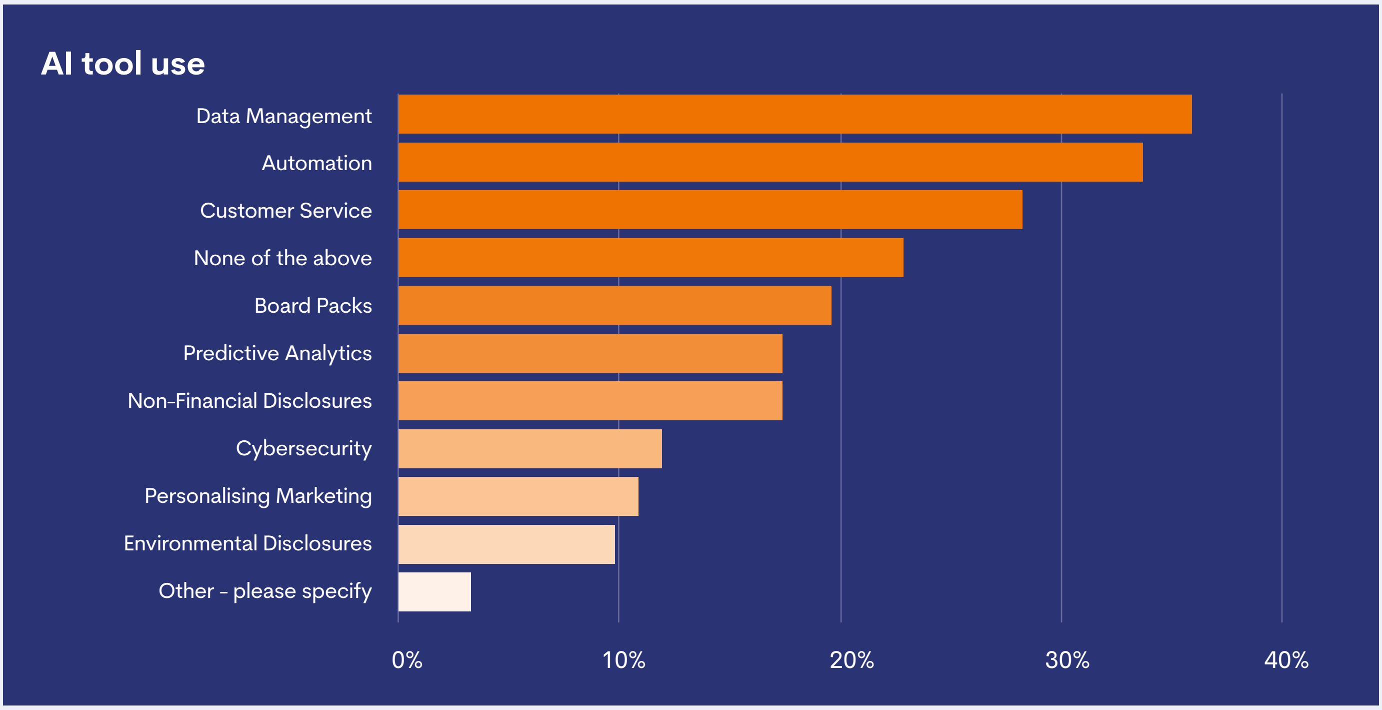
Nearly two-thirds (64%) of quoted companies have a formal board policy in place for monitoring and exploiting AI, up from 44% last year. In fact, just 22% of all organisations have yet to officially deploy some kind of AI tech anywhere in their organisation.

We asked respondents to explain where AI is being used (see chart, below), but nearly a quarter of boards aren't seeing AI use in any of the cases we listed. And for none of the use-cases is uptake much over a third of organisations. So while AI is now a fixture for most – especially within quoted companies – it is still looking to cement its role in business beyond the better-understood functionality in areas such as data management.

See page 30 for a summary of the latest CGIUKI report on AI.

4. DEI is changing, not going away

Under political and economic pressure, many firms are looking again at their DEI policies. Slightly more respondents



are increasing resources assigned to DEI projects than cutting them – although vastly more are 'reviewing' and 'refocusing' their efforts.

Quoted company secretaries are much more likely to say their boards are diverse (see box) – but there's still a lot of work to do, not least around socio-economic background and especially disability, where only a tiny proportion feel happy with boardroom diversity. This will change if a pipeline of talent is developing: one-in-five boards have already implemented policies to boost recruitment and development of those from broader socioeconomic backgrounds, for example, and almost the same again are weighing up formal policies.

5. Regulation: too much or just not the right kind?

The survey was conducted less than a year into the new Government, but it's apparent that organisations are feeling ongoing strain from red tape – something even senior ministers have since acknowledged. Across all organisations, the proportion who said regulation is 'too much' now sits at 64%, but the figure is higher (77%) among quoted CoSecs, a considerable increase on 2024 – although it should be noted most of those chose 'slightly excessive'. That suggests it's tweaks they want, not a bonfire of red tape.

As you'd expect, many respondents were happy to name specific areas for regulatory reforms. We had dozens of suggestions, mostly industry specific, and many were keen to balance lower compliance costs with the benefits that well-crafted regulations offer to markets, industries, their employees and customers.

Quoted companies seem to be fulfilling the requirements to plan for Net Zero. Uuquoted organisations? Not so much. Enlightened self-interest is still a powerful force for good, but for more definitive action, clarity on the target and its regulation is needed.

Finally, we asked about the requirement for board effectiveness reviews: what actions have they prompted, and do they work? Most of the approaches we asked about were seen positively, so investment is well worthwhile. In short: coaching, training and expert advice really seem to help.

You can download a copy of the full Boardroom Bellwether report from the CGIUKI website:

Quoted vs private companies

Because this year's survey included private businesses, we were able to identify areas of divergence – where the governance and board experience was markedly different between different ownership structures. On many of the questions, this was marginal – a few percentage points either way – and usually a function of either size or geographic spread.

Size also explains the fact that quoted respondents were more likely to select as their main EU challenge 'regulatory alignment' (which is more problematic for international businesses) than 'documentation' (which is more of an issue for private company secretaries where import/export with the EU is more likely to be the key activity). And it's natural that larger businesses, with greater IT resources, would have taken more definitive steps to implement specific policies around AI.

In some areas, however, the difference was harder to explain. For example, a smaller proportion (67%) of quoted company secretaries listed 'wage costs' as an impact over the medium term than private respondents (91%). This might simply be a question of the relative weight of risks and costs within the business.

Interestingly, some of the biggest differences were on the questions around DEI. Quoted CoSecs were much more likely to say their board is diverse in terms of ethnicity (88% vs 43%) and gender (94% vs 70%), and scored higher across the measures of diversity we offered for evaluation. Is this a question of scale? Of transparency? Perhaps scrutiny and regulation?

A similar pattern revealed itself in the risk areas – where climate was rated an 'important' risk by three-quarters of quoted company secretaries, and just 46% of private company respondents. (Unsurprisingly, quoted boards are more likely to have discussed climate change more frequently.) We do know they're more likely to be facing climate-related disclosures; and to have operations that are materially affected by climate change. But the gap is clear.

Read more about family business adoption of ESG on page 46.

Streamlining stewardship

The updates to the UK Stewardship Code 2026 remind us that investors have a crucial role in business, the economy and society. That role should be getting easier.

FINANCIAL REPORTING COUNCIL

In a world of growing scrutiny on the role of companies and capital allocation in the modern economy, robust corporate governance and stewardship has never been more important. The 2026 Code puts it succinctly: “Stewardship is the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.”

This definition captures something fundamental about the important role investors have in the economy. They are entrusted to take care of assets, including the pensions and savings of millions of people, and deliver adequate investment returns to them, often over decades. Following the recent launch of the FRC’s UK Stewardship Code 2026, it’s worth reflecting on changes to the Code and the role regulators play to promote effective stewardship and governance.

The Code is extensively used by both UK and global signatories and has become an integral part of the landscape supporting transparency around the work investors undertake to look after assets on behalf of others. Established in 2010 and last updated in 2020, the FRC committed to review in 2025 to ensure that the Code remained fit for purpose, reflecting the evolution of the wider governance and stewardship environment and improvement of practices and reporting in this area.

Streamlined stewardship

The Code has always established the core Principles of effective stewardship and sets a high standard of transparency for asset owners and managers, and for the service providers that support them. The latest version of the Code will apply from 1 January 2026 for reporting thereafter and seeks to streamline disclosures – reducing volume while maintaining the insights about investors' different approaches to stewardship that reporting yields. Reporting to the 2026 Code will now be in two parts:

- **Policy and Context (P&C) Disclosure**. This includes information about the organisation, its governance and resourcing, linking to relevant policies. Applicants are required to submit a P&C Disclosure to the FRC every 4 years, or when there have been changes at an organisation such that their P&C Disclosure no longer aligns with their Activities & Outcomes Report.
- **Activities and Outcomes (A&O) Report**. Applicants are required to submit an A&O Report to the FRC every year to demonstrate how they have applied the Principles through the activities they have undertaken in the preceding year and the outcomes of these activities

While applicants may choose to submit P&C disclosures more frequently, it is not required, thereby reducing the reporting required each year. Applicants also have flexibility to choose to present the P&C Disclosure and the A&O Report either as separate documents or combined in a single comprehensive submission. They may also choose to report Principle-by-Principle or take a more narrative approach. In our experience of assessing reports over the years, we see that policies don't typically change year-on-year. What's more, it is reporting on activities such as engagement case studies that offers the most compelling insights into stewardship in action across a wide range of asset classes and investment styles.

The value of context

In addition, the Principles of the Code itself have been streamlined and are more tailored to the different types of signatories to the Code. This recognises that asset owners and asset managers have different rights, responsibilities and influence within the investment chain in exercising stewardship. As such, some Principles (3 and 4) are more applicable to those who undertake stewardship directly with an issuer or asset, while Principle 5 focuses on oversight for those managing assets through an external manager.

The 2026 Code brings together investor collaboration and escalation into one enhanced engagement Principle on the basis that they should not be seen as ends in and of themselves, but as part of a range of tools for signatories to draw on. Like the Corporate Governance Code, the Stewardship Code encourages effective engagement between investors and corporates. By encouraging this transparency, it aims to promote constructive dialogue between different parts of the investment chain.

The Service Providers Code focuses on the activities of proxy advisors, investment consultants and engagement service providers. While Principle 1 on communication with clients applies equally to these types of service providers, Principles 2, 3 and 4 are applicable by proxy advisors, investment consultants and engagement service providers respectively. The Principle for proxy advisors asks for reporting on how they ensure the quality and accuracy of their research, recommendations and voting implementation to offer additional transparency on their conduct.

Guide the way

Reduced volume of reporting – and importantly flexibility in reporting – is key to make submitting information to the FRC as easy as possible, while further highlighting the diverse range of approaches and activities investors undertake to look after the assets entrusted to their care.

Another notable change is that, for the first time, the Code is accompanied by optional guidance to support applicants' reporting against the Disclosures and the Principles. Consolidated guidance was introduced for the Corporate Governance Code last year, and has now been introduced for the 2026 iteration of the Stewardship Code.

While applicants will still be able achieve good reporting without using the guidance, it offers tips that applicants may find useful. Stakeholders have the opportunity to provide feedback on the draft guidance until 31 August 2025.

The strength of the UK's investment sector comes not from following rigid regulatory prescriptions, but from a shared commitment to high standards of professionalism, transparency and accountability. The Stewardship Code 2026 embodies this philosophy – setting clear expectations for transparency while respecting the autonomy and expertise of those making investment decisions.

Improved transparency and disclosure from companies and by investors supports better decisions, building confidence in well-run companies with better access to capital. In 2026 we look forward to seeing both the updated Corporate Governance and Stewardship Codes in action.

Risk is in the AI of the beholder

We're still some way off welcoming our new AI overlords. But the rapid ascent of the tech from unsettling curio, to fun experiment, to potential game-changer means we need firm governance guidelines. The key is to see risk and benefits in the round.

VALENTINA DOTTO
POLICY ADVISOR, CGIUKI

Artificial Intelligence (AI) is no longer a futuristic concept – it is a transformative force reshaping governance, corporate strategy, and decision-making across every sector. As AI adoption accelerates, boards of directors must engage proactively with its complexities, navigating the balance between the strategic potential and its risks. Effective AI governance demands both sophistication and agility, enabling organisations to unlock AI's benefits while upholding ethical standards, regulatory compliance, and stakeholder trust. The Chartered Governance Institute's new report *AI: Transforming Professional Practices* provides valuable insights into how we can meet these challenges, reflecting a broader evolution in boardroom oversight.

The report highlights a growing expectation, noting that governance professionals are increasingly responsible for shaping policies that reconcile AI's strategic potential with regulatory requirements and ethical considerations. Yet, the report also reveals a significant gap: many organisations remain in the early stages of AI strategy development, often lacking comprehensive frameworks or sufficient training

The report is clear: the conversation must go beyond regulatory compliance. It must promote AI literacy, embed ethical principles into AI governance, and ensure human judgment remains central to decision-making.

Strategic promise, governance imperative

AI could transform board-level decision-making by delivering advanced, data-driven insights that illuminate market dynamics, operational risks, and stakeholder expectations. Generative AI tools, in particular, have the power to enhance efficiency by automating tasks such as report drafting and data summary, freeing directors and executives to focus on strategic thinking and innovation.

However, the opaque nature of many AI systems (the 'black box' effect) makes it difficult to understand how its 'decisions' are made, increasing the risk of unintended consequences and errors. Boards must therefore demand transparency, requiring management and AI providers to clearly explain data sources, algorithmic logic, and validation processes in accessible terms.

Traditional episodic reviews and linear accountability models are no longer sufficient. Instead, boards must adopt a model of continuous engagement with AI's ethical, legal, and operational dimensions, embedding AI oversight into the core of governance practices.

Risk creation… and mitigation

On one hand, AI introduces novel risks that demand vigilant oversight. Bias in training data can perpetuate discrimination – evident in recruitment algorithms that disadvantage certain demographic groups, or lending systems skewed by historical inequities. The vast data requirements of AI also increase exposure to cyberattacks, data breaches, and misuse.

On the other hand, AI offers powerful capabilities to strengthen risk mitigation. Its real-time analytical power enables rapid fraud detection, predictive maintenance, and enhanced operational resilience. AI-driven cybersecurity tools can identify threats faster than traditional methods, while automated compliance systems reduce human error and improve regulatory adherence.

Boards must navigate this duality by establishing robust governance frameworks that manage AI's risks without stifling its transformative potential. For example, the NIST *AI Risk Management Framework* offers a valuable reference point, emphasising accountability, continuous risk evaluation, and adaptive policy development.

Ethical and legal dimensions

AI governance extends well beyond technical oversight, intersecting profoundly with ethical and legal imperatives. The regulatory landscape is evolving rapidly, shaped by frameworks such as GDPR and emerging AI-specific legislation across the EU and other jurisdictions. Boards must remain ahead of these developments, ensuring that AI practices not only comply with legal requirements but also align with broader societal expectations.

The advent of generative AI introduces additional complexity, raising concerns around intellectual property, misinformation, and reputational risk. Boards should consider establishing dedicated ethics committees or oversight bodies to evaluate AI initiatives, ensuring they reflect organisational values and respect the public good.

The Board's role

Boards should also focus on the practical application of AI rather than technological novelty alone, investing in continuous education to build durable AI literacy. Directors need not become data scientists, but must understand AI's capabilities and limitations to challenge assumptions and influence strategy effectively.

Given AI's reliance on probabilistic methods and extensive datasets, outputs may be accurate in aggregate but fail in specific instances, complicating oversight. Consequently, boards must evaluate algorithmic logic alongside traditional metrics, ensure that data sources are diverse and unbiased, and hold management accountable for explaining AI decisions in clear, accessible language. This shift from passive oversight to active inquiry requires new governance frameworks tailored to AI's unique characteristics.

Stakeholders, from customers and employees to regulators and investors, are increasingly scrutinising AI deployment, expecting not only legal compliance but ethical integrity and operational transparency. Boards must ensure that AI is a regular topic within strategic discussions, evaluating how it aligns with organisational goals. They must incorporate AI-specific risks — such as algorithmic bias and cybersecurity vulnerabilities — into risk management frameworks, and ensure audits independently assess AI systems for accuracy and transparency.

Navigating complexity

Boards must also manage compliance with an intricate web of existing laws — including data protection, consumer rights and employment legislation — while anticipating emerging AI-specific regulations. This demands legal diligence paired with strategic foresight to embed compliance at the core of AI strategy. Boards should be able to explain and defend their approach to regulators, investors, and the public.

AI's influence extends beyond internal processes, reshaping trading relationships, customer expectations, and reputational dynamics. Boards must ensure that suppliers and partners meet comparable standards of AI governance and integrate oversight across the entire value chain.

An ecosystem of responsibility

Governance in the AI era involves a layered ecosystem of responsibility: boards provide direction and ethical oversight; shareholders supervise and challenge; management advises and implements; and the organisation executes and reports.

This model must be recalibrated so boards interrogate not only financial metrics but also algorithmic logic, challenging both managerial assumptions and machine outputs.

In practical terms, boards should establish clear reporting lines and performance metrics to monitor AI's effectiveness, receiving frequent updates on emerging risks and opportunities. Directors can apply the same fiduciary diligence to AI governance as they do to other key areas. Critical areas for oversight include:

- Understanding AI's potential to disrupt business.
- How AI is affects internal and third-party processes.
- How data assets and associated risks are managed.
- The adequacy of AI governance systems established by management.

Boards should evaluate whether AI initiatives align with strategic goals, assess management's expertise and resources for responsible AI deployment, consider operational resilience concerning cybersecurity and data management, define success metrics, and identify risks alongside mitigation plans. Disclosure obligations to users, regulators, business partners, and shareholders must also be factored in.

Moreover, boards need to keep abreast of models, such as the NIST framework, and ensure access to AI expertise. Board committees should regularly review AI-related policies, risks, and emerging legislation, including implications for cybersecurity, privacy, compliance, and ethical concerns such as misuse or unintended consequences. They should oversee controls related to AI's use in employee performance assessments and maintain clarity about responsibilities for AI monitoring and compliance. Special attention is required for generative AI, ensuring policies address bias, accuracy, privacy, intellectual property, cybersecurity, and quality.

Directors are called *not* to become technical experts, but informed stewards of new risks and opportunities. By asking better questions, demanding clear answers, and setting high standards, they can lead with curiosity, humility, and resolve – guiding their organisations to harness AI's transformative power responsibly and sustainably.

Our evolving role

Governance professionals' roles have expanded from being compliance enforcers, to strategic advisors and educators. They are pivotal in building AI literacy within boards, translating complex technical concepts into actionable insights, and ensuring ethical frameworks are embedded in AI adoption strategies.

The governance of AI is one of the most pressing challenges and opportunities facing boards today. It demands not only technical understanding and regulatory awareness but also ethical courage and strategic vision. As highlighted in the report and reflected in broader research, boards that develop robust AI governance frameworks, cultivate AI literacy, and embed ethical oversight will be better positioned to harness its power.

This journey is ongoing and complex. However, by embracing continuous engagement, fostering human-centred oversight, and prioritising transparency, boards can safeguard their organisations against AI risks while unlocking new avenues for innovation and growth.

Effective AI governance is ultimately about aligning technology with organisational purpose and societal values, ensuring AI serves as a force for good in a rapidly evolving digital economy. In short, several strategic imperatives emerge from this landscape:

- **Prioritise practical innovation.** Focus innovation on real-world application and value, not novelty for its own sake.
- **Build AI literacy at board level.** Knowledge is power. Boards must treat AI understanding as a core competence.
- **Use AI to manage complexity.** As AI introduces new layers of complexity, boards should harness it to navigate challenges—not be overwhelmed by them.
- **Protect the role of human judgement.** Human insight remains essential. Blind reliance on AI can lead to serious errors. 'Human in the loop' is a valuable touchstone.
- **Put people first.** AI must serve employees, customers, and communities, not just algorithms or efficiency metrics.

You can download the new CGI AI report, including full details of the research carried out into current usage, using this QR code.

CGI Members react

During the webinar launching the CGIUKI AI paper, members were highly active in the chat – and their points tell us how CoSecs and other governance professionals are already contextualizing, and adapting to, the emergence of AI tools in the field.

Managing board and committee expectations is a really important aspect of this now, especially their assumptions about how it can be used for efficiencies.

Yes, platforms are developing to perform functions such as compliance for start-ups, saving time and initial costs. But what are the existing guardrails and how are regulators responding so far?

Really important to get ahead of the AI curve – look at ethics and bias, read up on it and ask AI as well about it – seriously! Make sure you also find out about hallucinations and accuracy – and the fact that nothing is confidential using an open AI system, with the exception of an enterprise version of Copilot used in MS Azure. Get an AI policy drafted for how your business is going to use it – an LLM like ChatGPT or Claude or Grok can help you with that – and you will learn a lot by doing it. Talk to your board about getting some AI training for the board so that the whole senior team starts to understand more.

Completely agree – the CoSec can play a key role here with the right training, coaching and mentoring.

Great point! To be able to train your Boards, CoSecs themselves must embrace AI and look at the safe ways in which you can leverage the opportunities AI presents! Leading by example. We really are in a great place to be at the forefront here and become the experts.

One challenge I can see is the visibility for a CoSec to know what sort of AI tools and functions are already being used by the wider organisation. An AI policy can seek to control this but it is very hard not to unintentionally stifle enterprise.

Agreed, there's got to be a balance. We have positioned ours as a 'what you can do' policy with a few 'don'ts'. It is there to encourage use, but also to manage it.

AI risks in the shadows

As the CGIUKI report makes clear, robust AI governance is essential. Organisations must also guard against employees using their own AI tools outside of system-level controls.

CAMILO ARTIOA-PURCELL
GENERAL COUNSEL, KITEWORKS

An investment analyst uploads confidential client portfolios to ChatGPT to generate market insights. An NHS administrator pastes patient records into an AI tool to draft discharge summaries. A civil servant shares citizen benefit data to create policy briefings. Each action violates data protection laws. Yet, research warns that 83% of organisations cannot automatically stop it from happening.

One major problem is a dangerous trend known as 'Shadow AI,' where employees use personal or unapproved AI tools for work tasks without oversight. It mirrors the 'bring your own IT' crisis that plagued organisations after the introduction of personal digital assistants and smartphones – equipping, in many cases, employees with more powerful, more 'useful', tools than their companies provided. And it is becoming so prevalent that according to one recent survey, 83% of in-house counsel use AI tools not provided by their organisations, and 47% operate without any governance policies.

Need for robust governance

When documents are uploaded to consumer AI tools, the data can be used to train the AI model, stored indefinitely on external servers, or shared with third-party APIs without transparency. These platforms are not designed for the rigorous security needs of business. Outputs not flagged as AI-generated also mean human-in-the-loop provisions to minimise negative effects won't work.

To mitigate risks, AI usage policies should be clear on acceptable tools, data-handling protocols, and, crucially, consequences for non-compliance. A formal approval process should ensure only secure, compliant AI platforms are used.

Access controls, such as role-based permissions and monitoring, can prevent unauthorised use of consumer AI platforms. An approved list of enterprise-grade AI tools, designed with legal and compliance requirements in mind, ensures efficiency without sacrificing security.

Mandatory training should cover the technical *and* legal risks of AI. Updates on emerging threats, such as new data breach tactics or regulatory changes, helps keep teams informed. Finally, clear reporting mechanisms for AI-related incidents foster transparency and swift responses to potential breaches.

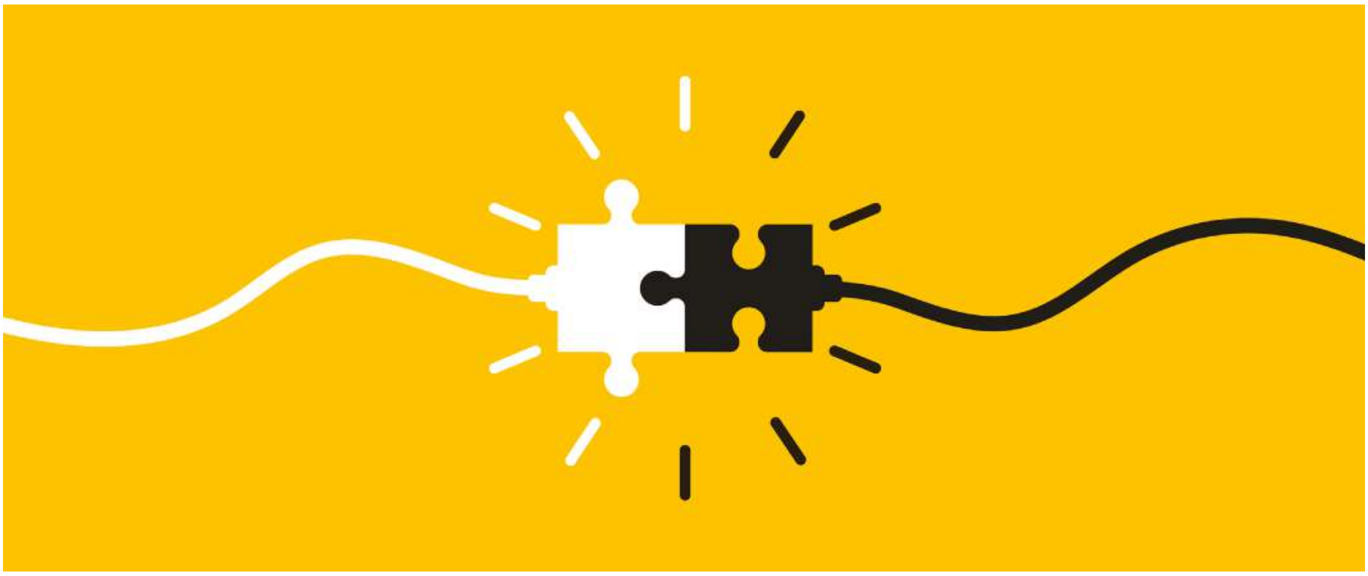
Act fast

In the short term, a 'Shadow AI' audit will help uncover unapproved tool usage. Emergency controls, such as blocking access to consumer AI platforms and providing approved alternatives, can halt further risks.

In the medium term, ensure AI policies align with all relevant compliancy requirements. Vendor vetting procedures are also crucial, ensuring AI providers meet stringent security and compliance standards, with contracts that protect client data and include audit rights.

For the long term, investing in enterprise-grade AI solutions is vital. These tools should integrate seamlessly with existing compliance frameworks, ensuring adherence to data protection and cybersecurity standards.

Kiteworks AI Data Security and Compliance Risk Report reveals that only 17% of organisations have implemented automated controls with data-loss prevention capabilities. This is playing with fire. Businesses that fail to plug the 'Shadow AI' gap risk becoming cautionary tales, facing fines, client loss, and reputational damage. By balancing innovation with risk management, they can protect data, uphold trust, and navigate a complex regulatory landscape.



Trustee for two

Trustee appointment is a two-sided affair – it has to work well for both the charity and for the recruit. The Charity Commission's new guidance will help ensure new relationships get off on the right foot.

VALENTINA DOTTO
POLICY ADVISOR, CGIUKI

Effective governance is the cornerstone of any thriving charity. Trustees are the essential cogs driving the organisation's mission. They set strategic priorities, provide leadership and oversight, and help steer the charity towards success. Despite their critical role, recruiting trustees remains one of the sector's most overlooked and misunderstood challenges.

The Charity Commission's guidance, *Finding and Appointing New Trustees (CC30)*, offers charities a practical and clear framework for recruitment. Following this roadmap can strengthen governance, helping charities meet their objectives with greater confidence and resilience.

Recruitment matters

One key issue that many trustee boards are formed through informal, closed networks, which often result in a lack of diversity in skills, backgrounds and perspectives. This narrower approach can limit a charity's ability to innovate, respond to challenges, and authentically represent the communities it serves.

The latest update to CC30, published in May 2025, guides charities through key recruitment steps – from identifying skills gaps linked to organisational priorities, to crafting clear role descriptions and using a wider variety of advertising channels to reach new or underrepresented groups. The guidance reminds charities to check any governing document rules that apply to appointing trustees. Finally, it stresses thorough vetting and induction processes, ensuring new trustees are fully supported and integrated.

The guidance encourages charities to move away from always relying on informal recruitment, and instead adopt open, skills-based approaches that also embrace inclusion. This includes measures to remove barriers to participation, such as paying childcare expenses, scheduling meetings at accessible times, and providing materials in accessible formats.

This emphasis on inclusivity recognises the increasing complexity of the sector and the need for governance to evolve accordingly.

More than a matchmaker

A structured, inclusive trustee recruitment process begins with a comprehensive skills audit to pinpoint gaps in expertise, experience, or representation. This ensures recruitment is both targeted and strategic, whether seeking financial expertise, legal knowledge, fundraising skills, digital experience, or a board that reflects the experience of the communities the charity serves.

Clear role descriptions are crucial, outlining trustees' legal duties, responsibilities, and expected time commitments. Such transparency helps attract candidates aligned with the charity's needs and values, preventing mismatches that could hinder governance effectiveness.

Widen the net... go online

The new CC30 guidance challenges reliance on informal networks by asking charities to consider the benefits of more open, transparent, and inclusive recruitment practices.

Public advertising through platforms such as Reach Volunteering, Trustees Unlimited, and local community networks can help charities reach a broader and more diverse audience. Using social media further widens the pool, attracting younger or more digitally savvy candidates who might otherwise be overlooked.

Strategic outreach

Recruitment must be strategically aligned with the charity's specific needs. For example, one grappling with financial challenges might prioritise candidates with financial management expertise, whereas one focused on social equity might seek trustees with lived experience or community connections.

Outreach through partnerships with professional bodies, community organisations, and sector-specific networks can help bring relevant skills and insights.

Vetting and safeguards

The updated guidance outlines a structured approach to help charities appoint trustees who are both eligible and well-suited to the role. For example, some people cannot legally act as trustees. The guidance also offers useful clarity on safeguarding.

Interviews provide the opportunity to explore in-depth motivations, relevant skills, and understanding of the trustee role. Managing conflicts of interest is crucial: you can set the right tone from the start by asking about any conflicts candidates may have. References add another layer of assurance.

Induction and development

Robust induction processes are vital to help new trustees grasp their legal duties, understand the charity's structure and priorities, and become effective contributors. New trustees should receive key information such as the governing document, strategic plans, and recent minutes. Meeting staff, volunteers, and beneficiaries helps build contextual understanding.

Training on governance principles, legal compliance, and sector-specific issues equips trustees to fulfil their roles confidently. This should be ongoing, tailored to the individual and supported by workshops, mentoring, and engagement with best practices.

Blueprint for excellence

Finding and Appointing New Trustees is an indispensable resource for reframing trustee recruitment from routine admin into strategic opportunity. Charities can develop trustee boards that are more representative, dynamic, and resilient. This solid foundation empowers charities to thrive, build deeper public trust, and deliver more meaningful impact to the communities at the heart of their mission.

To support charities through this journey, CC30 directs organisations to a wealth of practical resources and networks, including NCVO, WCVA, and trustee finder services. It also highlights essential sector publications such as *The Essential Trustee (CC3)*, and the *Charity Governance Code* which offers further guidance.

It also signposts practical tools provided by sector bodies – skills audits, diversity checklists, and recruitment templates – that help charities manage trustee recruitment with clarity, efficiency, and purpose.

Ultimately, CC30 is more than guidance; it is a blueprint for governance excellence that equips charities to build stronger, more inclusive leadership teams capable of meeting today's challenges and shaping a sustainable future.

Building resilient, inclusive boards

The updated CC30 guidance marks a significant step forward in modernising trustee recruitment and governance. By embedding principles of transparency, inclusion, and strategic alignment, charities can build boards that are not only legally compliant but also more effective, representative, and resilient.

Implementing these practices requires commitment – but the benefits are clear. More diverse, well-vetted, and strategically appointed boards are better equipped to navigate complexity, respond to stakeholder needs, and drive long-term impact. In a sector defined by change, strong governance isn't optional – it's essential.

The table below outlines key actions charities can take – and indicators that show they are succeeding.

What to do	You're doing it right if...
Assess your charity's needs	You identify the skills, experience, and diversity your board requires, considering future challenges and strategic goals.
Create a trustee role description	Responsibilities, time commitments, legal duties, and specific requirements are clearly communicated.
Advertise the vacancy	Inclusive and accessible messaging reaches candidates through appropriate networks and platforms.
Run an open process	Shortlisting, interviewing, eligibility checks, and due diligence are conducted transparently and fairly.
Appoint and induct trustees	The governing document is followed, the Charity Commission notified, and a structured induction process is delivered.
Understand legal requirements	Trustees are confirmed eligible, not disqualified, and fully understand their legal responsibilities.
Provide a thorough induction	New trustees receive essential information about the charity's work, structure, and policies, with ongoing support.
Support ongoing development	Regular reviews, training opportunities, and succession planning help trustees grow in their roles.
Delegate recruitment tasks	Recruitment duties are appropriately delegated while maintaining overall accountability.
Make sound decisions	Trustee appointments are well-informed, impartial, and clearly documented.

AIM low and miss?

AIM was always pitched as the light-touch market for growing businesses. But dwindling listings have brought compliance costs into reformers' crosshairs. It's vital they don't sacrifice good governance in their search for growth.

JACOB PITT
MANAGER, ENTITY GOVERNANCE AND COMPLIANCE, COMPUTERSHARE

The Alternative Investment Market (AIM) celebrated its 30th birthday on 19 June this year. In those three decades, it has become – and remains – the most successful growth market in Europe (arguably the world) with numerous individual success stories. According to a report by Grant Thornton, companies on AIM contribute £35.7bn to the UK economy, support over 400,000 jobs and are well spread across regions outside of London.

Frequently dubbed the 'jewel in the crown' of London's equity markets, the peak for AIM listings was 20 years ago: 519 companies joined the market in 2005, and £10bn was raised in 2006. By 2007 there were 1,649 companies listed on the junior market.

Since then, it has experienced headwinds that have perhaps dimmed the gem's shine. IPO numbers have become more subdued following the early pandemic boom: in 2024, just ten IPOs hit the market (coincidentally, the same number with which it launched in 1995). Low market capitalisations have presented an opportunity for takeovers by private equity and bigger players – in 2024/25, according to UHY Hacker Young, 27 firms on AIM were acquired in deals worth £7.8bn. And net withdrawals from public equity funds in recent years have reduced available capital to invest in AIM.

To woo investors, and especially companies, back to the market, the London Stock Exchange has thrown open the doors to more flexibility for existing and prospective AIM companies. A discussion paper in April 2025 posited a number of market-enabling reforms. The goals of the paper reflect the desires of the AIM community to make it more straightforward for small- and mid-cap companies to get to their day on the balcony, raise capital and run a quoted business with fewer burdens.

The changes floated in the paper could have extraordinary implications for corporate governance, which make them worthy of discussion and debate by our profession, given the value that good governance has added to issuers. Subject to the timing of a formal consultation, a vastly reformed AIM regime could be in place in around two years' time, should the process track the timeline of the recent Main Market changes. The reforms focus on two areas: the market framework; and the development of the AIM Rules.

“It's possible to envision a new golden era for AIM to rival the IPO explosion of the mid-2000s, if macro-economic conditions align

Governance code reporting

The discussion paper poses the possibility of corporate governance principles being enshrined in the AIM Rules. Currently the rules require companies to select a governance code of their own choosing.

There is a risk under this approach that corporate governance becomes a SOX-style endeavour for AIM companies. Non-compliance with certain provisions of corporate governance codes is best avoided, but in practice it is sometimes necessary, especially for small- and mid-cap entities. Such derogations should not be seen as 'breaches' of the AIM Rules – a label reserved for the most egregious transgressions.

The QCA Corporate Governance Code is adopted by 93% of AIM companies and enjoys broad support from both companies and investors. While provisions of the QCA Code may be onerous for some, the comply-or-explain basis makes derogations acceptable where there's a convincing business case. The AIM Rules currently require an issuer to adopt and report against a code, not to fully comply with it.

It is also generally expected that larger AIM companies, usually those over £1bn in valuation, should look to adopt the UK Corporate Governance Code. It is conceivable that having governance requirements enshrined in market rules could give rise to dual disclosures in annual reports and corporate websites; but repetitive, tick-box reporting is the scourge of annual report users. Further, it would go against the grain of the broader push for rationalised reporting.

Rationalised disclosure regime

The LSE suggests that certain disclosure requirements relating to price-sensitive matters, set out in AIM Rule 11, might be removed from the AIM Rules. Instead, only UK Market Abuse Regulation (MAR) disclosures would apply. This is intended to avoid duplicative disclosures.

This would be welcome as common sense by many governance professionals, as some AIM disclosure requirements can be seen as superfluous. The robustness of

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Governance professionals should engage in [the development] of AIM

the UK MAR regime should be sufficient to give stakeholders the information they need about material developments in a timely and accurate manner.

Reforming the disclosure regime could go further towards rationalising the notification requirements of miscellaneous information that is not price sensitive. For example, there is requirement in AIM Rule 17 to announce a change of registered office address. Such disclosure is not typically required by the rules of other exchanges, is of dubious usefulness to the market, and represents an unnecessary trip hazard for companies.

Role of the Nomad

The paper notes the growth in scope of the nominated adviser (‘Nomad’) and associated costs for companies. It considers restricting their scope, to reduce duplication of work between Nomads, lawyers and accountants pre-admission; and to enable Nomads to focus on corporate finance matters post-admission.

The Nomad is the most important advisor to AIM companies, and their input is valuable – not only to keeping issuers on the straight and narrow, but also in providing practical advice to Boards about their broader responsibilities to the market. Care would need to be taken post-admission to ensure that companies can call on the support of lawyers or other advisers, such as corporate governance professionals.

This is particularly pertinent in relation to disclosures to the market, as the Nomad may be asked to give an opinion on whether a particular development or transaction requires notification. Relying on lawyers might not achieve the intended goal of reduced costs for issuers; however, company secretaries could take a more active role in this regard. The role of the governance profession in assisting on an AIM issuer’s corporate and regulatory responsibilities could be better recognised in the next iteration of the AIM Rules.

Simplified admission document

New rules could give IPO candidates the option of a simplified admission document with fewer disclosures, but signposted risks. The option to produce an admission document under the current regime would remain.

This appears targeted towards smaller entities with simpler businesses; or those looking to raise money from known investors who have a sophisticated understanding of the investee business. A question remains as to how effective signposting efforts would be where there are uncertainties. The resourcing of investor relations may need to increase to compensate if this results in more shareholder scrutiny on risks.

For larger AIM IPOs, it would likely still be expected that more detailed disclosures are made, especially where they are seeking to attract institutional investors. Some of the more onerous disclosure obligations for the fuller admission document could be forgone by notionally pursuing the simplified admission document route with additional voluntary disclosures. This might create a pick-and-mix approach and leave investors to look for what’s missing, rather than what’s there. Appropriate policing of admission documents by the FCA might be required.

Dual-class share structures

In line with changes to the Main Market, it is proposed that weighted voting and dual-class voting structures be enabled for companies on AIM from IPO.

One of the bigger hurdles for founders considering an IPO in London is the prospect of handing over control and oversight of a business that they might have built from scratch. Investors would argue, not unreasonably, that sharing power is the fundamental trade-off for receiving investment in the business. Alternatives like private equity investment are substantially more restrictive on founder control.

UK investor culture is certainly more conservative than others with regards to varied voting rights structures. US shareholders are considered more willing to trust a founder to share financial returns – but retain corporate sovereignty. Dutch and Italian equity markets also permit dual classes; however they are among the outliers in Europe.

Deliveroo's IPO in 2021 was pioneering in allowing a premium-listed company to maintain a dual-class share structure: its founder maintained enhanced voting rights for three years. It was intended to be a riposte to UK tech companies, notably ARM, looking stateside to list. Deliveroo's post-IPO share price dip was partially attributed to a boycott by institutional investors who were highly critical of dual classes. One proxy adviser pointedly told the *FT* at the time that, "they are called equities, they should be equitable", although 'equitable' of course does not have the same meaning as 'equal'. It should be noted that other factors, such as concerns over regulatory exposure and an ambitious float price, were also attributed to the post-IPO decline.

The AIM discussion paper advises that requirements around dual-class structures on AIM ought to match those of the Equity Shares (Commercial Companies) (ESCC) category, which has several caveats. The sunset provision of ten years for institutions may be sensible, but indefinite enhanced voting rights for natural persons (i.e. founders and employees) may upset the balance and deter investment by those cautious of the Deliveroo experience. Founders wishing to IPO would need to take great care when considering such rights, their extent, and why they might be beneficial. Overextending a founder's shareholding privileges can result in investors voting with their feet.

Substantial and related-party transactions

It is posited that AIM might align with the Main Market by raising the threshold for disclosure of substantial transactions from 10% to 25%, with the profits test removed. The related party transaction (RPT) disclosure regime could be relaxed where significant safeguards already exist.

Related party transactions are currently somewhat rare in AIM, so the impact of this, if implemented, may initially be minimal. It could be of merit in attracting more founder-led companies and technology businesses, where transactions such as share options exercises can give rise to unnecessary hoops to jump through. This is particularly unnecessary where a share scheme has already been approved by shareholders, as is now advised under the QCA Code for larger AIM issuers.

> **"A looser grip in terms of regulation by the exchange will require... that corporate governance become an increasing matter of concern**

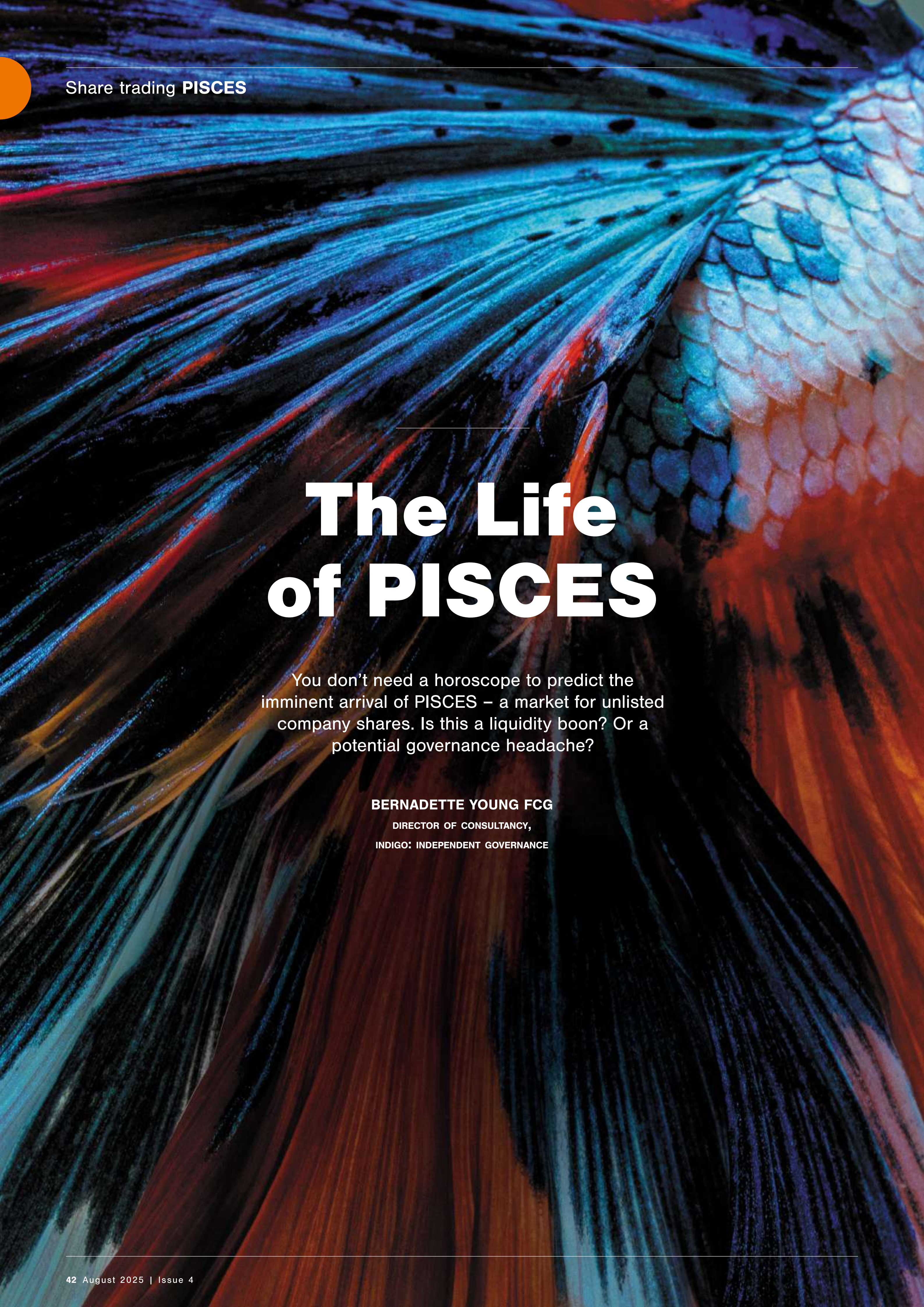
The profits test for substantial transactions can indeed, as the discussion paper noted, be a counter-intuitive metric for businesses with minimal or negative profits. As such it may be welcomed as a common-sense change that reduces unnecessary administrative burdens for companies.

The possible raising of the threshold for disclosing substantial transactions from 10% to 25% could be of benefit to companies whose business transactions are more sensitive or complex. It is often cited as an obstacle for companies who may want to join London's public markets but instead choose private equity or foreign exchanges for greater commercial privacy. However, given many AIM companies are of an acquisitive nature, companies should consider voluntary updates to the market of small acquisitions – this would be of value to investors and the growth story.

Verdict

It is a positive sign that the LSE continues to give due focus to AIM. The discussion paper rightly indicates a willingness to forgo some of the overly complex and superfluous aspects of regulation and the market framework more generally. Should the reforms have the desired result of widening market access, it is not impossible to envision a new golden era for AIM to rival the IPO explosion of the mid-2000s if macro-economic circumstances should align.

A looser grip in terms of regulation by the exchange will require market actors in AIM to take more responsibility – this includes issuers, advisors, boards and investors. As a result, it is inevitable that corporate governance will become an increasing matter of concern and importance for AIM. Governance professionals should be encouraged to engage in the next steps of AIM's development and work with their boards and stakeholders to ensure good governance remains a prominent part of the conversation for businesses on the junior market.



The Life of PISCES

You don't need a horoscope to predict the imminent arrival of PISCES – a market for unlisted company shares. Is this a liquidity boon? Or a potential governance headache?

BERNADETTE YOUNG FCG
DIRECTOR OF CONSULTANCY,
INDIGO: INDEPENDENT GOVERNANCE

Listing a company's shares on a stock exchange offers access to capital and a wider shareholder base that is not otherwise available. But these benefits come with significant cost and additional regulatory burdens. It is certainly not an appropriate or feasible choice for many organisations.

The UK's stock markets have been struggling to attract and retain issuers for some time. The dearth of IPOs has become systemic, and delistings are now relatively commonplace. A net decline in the number of London-listed businesses indicates ever-fewer companies now see full listing as a good fit.

Private businesses seeking external investors have, until now, had limited other options, particularly if existing owners prefer not to lose overall control by selling out to private equity or trade buyer. There are schemes that enable sophisticated individuals to buy minority stakes but, by their nature, those new shareholders will generally want to liquidate their investments within a relatively small number of years. Pressure to create an exit event in the short-term may not align with the longer-term business strategy which can create tension. So this is not a perfect solution for all private businesses.

A markets solution

To address this gap, the FCA is now creating PISCES platforms (see box, right) as another option for unlisted company share trading, enabling them to access a market for their shares. For investors, the ability to sell their stake overcomes a major barrier to investment in otherwise illiquid shares.

The combination of lower costs and burdens for companies compared to full listings – while providing flexibility for shareholders to buy and sell to their own timetable – makes PISCES an important new tool in creating additional momentum for UK growth.

Assessing the opportunity

Firstly, directors will want to think about whether PISCES is the right platform for their company's shares to be traded. Considerations will start with the strategic rationale for creating a wider market for the company's securities. Does the business already have a diverse shareholder base of founders, early-stage investors and employees who would appreciate greater share ownership flexibility? Could creating a market for the shares take pressure off the board to generate a full sale of the business in order to enable shareholders to cash-out their investment?

Board assurance

If the board chooses PISCES, it will need to assure itself that it can meet the disclosure requirements. It will need confidence in the processes, procedures and resources available to the company to publish accurate and complete information to the market.

Higher-standard governance arrangements may be needed, particularly if lines between management and board are currently blurred and more informal than investors might demand. Directors will need to work out how to develop stronger governance and oversight if current arrangements are not robust enough to meet the new expectations.

Additional disclosures will inevitably expose the business to greater scrutiny and, to some extent, may compromise the degree of privacy that it currently enjoys. Directors will need to ensure they are comfortable with that partial loss of privacy as a non-financial cost of trading on PISCES, although they should be relieved to see that a PISCES operator's rules can exempt them from disclosure of anything that is commercially sensitive where publication would, for example, prejudice their legitimate interests.

Sensibly, companies will also be able to exclude disclosure requirements which are not relevant to them. An example might be in relation to employee share schemes if they have no such schemes in place.

What is PISCES?

PISCES stands for **Private Intermittent Securities and Capital Exchange System**, a new form of market for trading unlisted company shares to be launched later this year. It will allow founders, early-stage investors, and employees to trade their shares.

Different PISCES operators will set up separate PISCES markets, offering choice for companies. Boards will also be able select how frequently they want trading events to occur, whether to offer CREST for managing settlement, and whether to set upper and lower share price limits. Companies will be subject to lighter-touch disclosure requirements compared to a full listing regime.

New costs

There will inevitably be an expense associated with joining PISCES, including adviser, registrar and PISCES operator platform fees. Like any business proposal, directors will want to be convinced that the benefits outweigh the costs. Those benefits might include the greater flexibility to incentivise employees through share-based schemes that result in liquid assets rather than having to create artificial mechanisms for colleagues to realise the cash value of their shares or needing them to wait for a full exit event.

Choosing the right PISCES operator

Secondly, directors will need to explore which PISCES operator best fits with their vision and objectives. Prospective PISCES operators are currently able to apply to be part of the FCA's sandbox phase. The flexibility provided by the FCA Rules for PISCES operators means that not all will necessarily take the same approach.

In particular, PISCES operators will be able to determine the disclosure arrangements they put in place and what company information they will mandate within the 'core' disclosure framework set by the FCA. Comparing the rules of individual PISCES market operators may help inform a company's choice of platform, but other factors will also come into play.

Asset Match, which already operates a leading online platform for trading unquoted securities, has confirmed that it is applying to be a PISCES operator as part of the FCA's sandbox. It has extensive experience of running periodic share auctions for companies on its platform, and this track record is likely to bring comfort to early adopters who want assurance that their provider is reliable, with robust technology to deliver trades in a convenient and timely manner for both buyers and sellers.

"The PISCES regulatory framework effectively rubber stamps the model of periodic liquidity we have operated for 13 years, so we'd like to think we are ahead of the curve and companies can lean on that experience," says Ben Weaver of Asset Match. "There will be several PISCES operators, including Asset Match, so companies wishing to explore whether this is the right path for them should look at the available options and do their due diligence before making their selection."

Appointing a registrar

Assuming the company wishes its shares to be traded in CREST, the central securities depository that can be used for electronic settlement, it will no longer be practical to maintain shareholder records in-house – and a CREST-enabled registrar will be needed to maintain the share register and record share issues and changes of ownership. As well as comparing costs between the available registrar firms, directors will want to consider how their shareholders will be able to engage with the registrar and how they will access their records. With increasing expectations that personal investments can be fully managed via a smart phone or other device, the registrar's digital capabilities will be an important issue.

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> **Without appropriate governance arrangements in place, the board is going to struggle to meet [new disclosure] expectations**

Jai Baker is Head of Business Development for Avenir registrars, which believes it is leading the way on the use of technology to offer convenience for shareholders. He stresses companies joining PISCES should prioritise digital capability among the factors they consider when it comes to choosing a registrar. "PISCES represents a step-change in how private markets operate, and digital capability will be essential to unlocking its full potential," he says. "From CREST compatibility to seamless investor communications, companies will need a registrar that's built for this new environment... [that's] designed its systems to support fully digital registers, of any size."

Additional legal support

Of course, some legal advice will also be required, including to ensure the company's articles are PISCES-compliant. Penny Paddle, a Partner at global legal practice, Spencer West, who specialises in corporate transactions and corporate governance says, "The majority of private or unlisted public companies are likely to have either Articles of Association or Shareholders' Agreements in place that contain provisions, such as pre-emption rights which will need to be removed. Prior to applying to trade their shares through a PISCES operator, it will be important for companies to have these documents legally reviewed and updated to ensure PISCES compliance, the wider details of which will become clearer once platforms launch."

Planning for disclosures

Directors will be responsible for making various disclosures in advance of each trading event. The period between trading events is a choice that companies will be free to make, with more regular events potentially increasing the disclosures burden. Others may feel that keeping disclosures up-to-date on a more frequent basis could be more manageable than occasionally conducting substantial reviews with lots of changes.

The degree of detail to be incorporated will be subject to the particular PISCES operator's own rules, but the core requirements will include:

- business overview (including any material sustainability issues)
- management overview
- financial information (not subject to any particular mandatory accounting standards or any audit requirement beyond normal company law requirements)
- material provisions of any shareholder agreement
- if relevant, employee share schemes on an aggregated basis without identifying individual directors' remuneration details
- directors' transactions and trading intentions prior to a trading event
- an overview of material contracts excluding those in the ordinary course of business
- previous share capital raises (last three years)
- key material risk factors
- major shareholders
- valuations and price parameters
- contact details.

But there will be no requirement under the new regime to make forward-looking statements.

Managing governance requirements

While the FCA has tried to reach a balanced and proportionate disclosure regime within the PISCES rules, the sandbox phase will provide an opportunity to learn what is working as intended (or not) so adjustments can be made.

One of the problems identified with listed markets is that new requirements have tended to be additive – creating, over time, a substantially more burdensome regime. With PISCES reserved as a market for more sophisticated investors who are aware of the risks and able to interpret and understand the current position of the company prior to each trading event, it is to be hoped that the PISCES experience does not suffer the same fate and become increasingly onerous for companies to comply with.

Inevitably, however, there will be compliance issues and the disclosure requirements, in particular, will require directors to have adequate assurance that the information presented is accurate and complete.

Without appropriate governance arrangements in place, the board is going to struggle to meet those expectations. Boards will therefore need to think about what resource they have in place to support them, and whether it is sufficient, both in terms of capacity and capability.

There is undoubtedly a role here for governance professionals. The company's chosen trading frequency will likely create fluctuations in demand for company secretarial resource and, accordingly, an outsourced model may offer a more efficient and effective model to provide that flexibility. Alternatively, the function could be incorporated into the role of an existing employee provided they have the knowledge and experience, or can be trained, to deliver the elevated level of governance that will be required.

A new dawn for UK markets?

PISCES offers an exciting alternative for privately-owned businesses to transition to a more fluid and flexible ownership model with shareholders who remain enthusiastic owners rather than ones that feel trapped with no opportunity to sell their stake. In providing a route to liquidity, PISCES should facilitate increased investment and growth in UK businesses.

The PISCES checklist

1. The rationale for trading on PISCES:
   - to broaden your shareholder base
   - to provide liquidity for investors
2. Can you meet the enhanced disclosure requirements?
3. How frequently will trading events be offered, and will CREST trading be enabled?
4. Additional costs and choice of key partners:
   - PISCES operator
   - share registrars
   - legal advisers
   - governance resource

It's a family affair

Many family businesses are closely aligned with local communities and prioritise intergenerational reputation-building. That makes them a powerful force putting the 'S' into ESG.

DR MARTIN KEMP
FAMILY BUSINESS RESEARCH FOUNDATION

Environmental, Social and Governance (ESG) considerations have gained prominence in recent years displacing the earlier notion of Corporate Social Responsibility (CSR). This shift has brought the concept of sustainability into focus, highlighting how businesses manage their environmental responsibilities – where 'ESG' is often shorthand for 'green'. But true ESG represents a more structured approach to sustainability, incorporating not only environmental stewardship, but also social responsibility and governance standards (Hughes et al., 2025).

The multigenerational and long-term orientation of family businesses (Clinton et al., 2019) and their adoption of community-focused values (Glover and Trehan, 2020a) resonates with ESG priorities. Yet family businesses can face challenges integrating ESG into practice. Recent research and policy developments in the UK show that doesn't need to be the case. Far from it: the dynamics of many family business ought to make those broader considerations – and especially the 'Social' – a key part of successful operations.

The emergence of ESG

Over the past decade, there has been an upsurge in ESG-related policies, regulations, rating systems, and frameworks. The term 'ESG' is much older. It first emerged from the United Nations Global Compact report, *Who Cares Wins*, in 2004. This report called for businesses to integrate sustainability into their investment decisions and operations, emphasising that good governance is essential to managing environmental and social impacts effectively (UN Global Compact, 2004).

The scope of ESG has since broadened considerably. The environmental dimension includes carbon emissions, energy usage, waste management, and biodiversity. Governance covers leadership, accountability, and transparency (Hughes et al., 2025).

While these two components of ESG receive considerable attention in both research and practice, the social dimension has perhaps received less attention. The 'S' relates to how a company manages its relationships with employees, suppliers, customers, and the communities in which it operates (CFA Institute, 2015). It encompasses a wide range of issues relevant to business activities including human rights; labour standards and ethical practices; workforce relations and employee wellbeing; diversity, equity and inclusion (DEI); health and safety; and community engagement and social impact (Global Reporting Initiative (GRI), 2021).

Family business and ESG

An enterprise is deemed a 'family business' if: "the majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, children or children's direct heirs" (European Commission, 2009, p.10). But some family business researchers go further, defining them as firms where family goals and values are formally recognised and integrated into the business's objectives (Howorth and Discua Cruz, 2024).

Family businesses are a critical component of the UK economy, significantly contributing to employment, the public finances and local economic development (Cebr, 2025). Such firms often demonstrate inherent ESG principles through their values-driven approach, community engagement, and long-term business strategies (Glover and Trehan, 2020a and Clinton et al., 2018).

Family firms that integrate ESG effectively can enhance their reputation, strengthen stakeholder trust, and attract investment (Hughes et al., 2025). Companies that have pursued rigorous ESG standards such as B Corp certification report enhanced stakeholder engagement and operational improvements (B Lab UK, 2024).

Despite the potential benefits, evidence from PwC's *10th Global Family Business Survey* showed how sustainability goals may not always be prioritised in the strategies and operations of family-owned businesses (PwC, 2021). In an FBRF-commissioned report on ESG in family businesses, Hughes et al. point out that one reason for this is that privately held family firms often place considerable emphasis on discretion and privacy, potentially creating resistance to the openness required by formal ESG reporting frameworks.

Another challenge particular to family firms is that they must navigate intergenerational differences. For example, in an international study of large family firms by PwC (2021), found that 'NextGens' are motivated by purpose and meaning – and fourth-generation family businesses are more likely to embed sustainability in decision making and have a well-developed sustainability strategy.

Getting to 'S'

Research on small businesses in the UK by the Enterprise Research Centre has drawn attention to how family businesses are often motivated to: "build strong, stable businesses to pass onto family members, being guided by loyalty or tradition, or investing in their local communities to achieve societal impact through their businesses" (2023, p.36). According to Litz and Stewart (2000), firms with higher levels of family involvement report higher levels of engagement in community activities. Many family firms in the UK are deeply embedded in their local communities, sometimes for many generations, and have an impact that often goes well beyond philanthropy and charitable giving (Glover and Trehan, 2020a, b).

Forging strong bonds with their local communities is a common way that family businesses of all sizes achieve their social impact. In a study commissioned by the Family Business Research Foundation, Glover and Trehan (2020a, b) researched how family firms were doing that. The study showed how those in the UK engage with their communities in a variety of ways, often driven by family values, local ties, and the adoption of a long-term orientation. For example, this can involve charitable donations and philanthropy; volunteering and community leadership; supporting young people; inclusive employment practices; participation in local economic and civic partnerships.

Family businesses in the UK often deliver their social impact through charitable bodies or by working in partnership with local government, schools, and business networks to deliver. There is a growing interest in identifying effective partnership models and understanding the role of family firms in local civic and economic ecosystems. The research by Glover and Trehan showed how family firms

can successfully deliver their community priorities and enhance their social impact by supporting business umbrella organisations or work in partnership with charities, NGOs and grassroots community organisations, such as community foundations. This can potentially benefit family businesses that want to raise awareness of their brand in other regions or countries.

Past research in this area has primarily focused on the business system aspect of social responsibility – which overlooks the orientation of the owning family towards the community and the interrelated social-economic connectedness between communities and businesses (Glover and Trehan, 2020b). There is potential here for new research that looks at how family values and business objectives intersect, particularly in terms of legacy goals, intergenerational value transmission, and how these shape the motivations for family firms' social contributions, and forms that they take.

A key challenge is how to measure, quantify and communicate a firm's social impact. Measures commonly used to demonstrate social impact include diversity statistics, employee turnover rates, health and safety incidents, and community investment (European Union, 2022).

But many social outcomes and community impacts are intangible, qualitative and inherently difficult to measure. Much of the evidence relating to the social or community impact of family firms is anecdotal. While narrative-based reporting of social and community activity can be compelling and engage stakeholders, it makes it difficult to assess and compare firms' achievements.

A key challenge is to supplement narrative and descriptive accounts of community activities and philanthropic work with more systematic approaches to measuring long-term social benefits – such as reductions in crime, improvements in outcomes for young people, or enhanced social cohesion. Future work in this area should focus on creating practical, scalable frameworks or metrics – combining quantitative and qualitative approaches – to enable to family firms to understand, measure and communicate their social value to their stakeholders and communities.

Strengthening the social dimension in family firms

Family businesses can further strengthen their social impact by using structured frameworks and international guidelines such as ISO 26000, which provides comprehensive guidance on implementing social responsibility practices (ISO, 2010). Similarly, the pursuit of recognised certifications like B Corp offers a pathway for formalising commitments, enhancing credibility, and systematically tracking social impacts (B Lab UK, 2024).

To effectively report social performance, family firms might consider adopting clear, measurable key performance indicators (KPIs), incorporating both quantitative and qualitative data into regular sustainability reports (European Union, 2022). This structured reporting approach enables better communication of their positive impacts, which is crucial for engaging stakeholders and maintaining public trust.

Embedding social responsibility within governance structures ensures its sustainability over time. Family firms can integrate social priorities into decision making by creating dedicated board roles or committees responsible for overseeing social impact activities and performance (Hughes et al., 2025). The adoption of codes or frameworks designed for large private firms such as the Wates Corporate Governance Principles can enhance accountability and transparency, aligning closely with ESG standards (Financial Reporting Council, 2018).

Conclusion

Family firms are uniquely positioned to lead on the social dimension of ESG, rooted in their long-term orientation, intergenerational stewardship, and deep local ties. Yet their social impact is often underreported or framed informally.

To unlock ESG-based advantages and meet rising stakeholder expectations, family businesses must embed social goals into their governance, adopt measurable KPIs, and leverage tools like ISO 26000 and B Corp certification. Effective communication of these impacts is not only a matter of transparency – it is a strategic differentiator that can bolster trust, attract talent and investment, and help build sustainable local economies.

There is a need for research studies that captures how family businesses and their community relationships evolve over time – particularly through intergenerational transitions and shifts in ownership. The Family Business Research Foundation's new initiative offers a timely opportunity to deepen our understanding of the social role of family firms.

Details on the initiative, including the request for proposals, are available here: https://www.fbrf.org.uk/request-for-proposals/social-role-of-mid-sized-family-firms

The extensive references in this article are valuable reading list on ESG and family firms. The sources are all available in the version on the G+C web site, using this QR code.

Sole to soul: Timpson as family ESG standard-bearer

Timpson is a familiar sight in British high streets, known for shoe repairs, key cutting, and dry cleaning. But while its ubiquity is a sign of its commercial success, it's also a family business with a profound social impact. Under the stewardship of the Timpson family – led until last year by Lord James Timpson OBE, the great-grandson of founder William Timpson – the company has cultivated a distinctive culture rooted in trust, inclusion, and social responsibility.

One of the most notable aspects of Timpson's social impact is its proactive employment of ex-offenders. Around 10% of the company's workforce is made up of people who have spent time in prison. This initiative reflects a deep commitment to rehabilitation and social integration, aiming to reduce reoffending by offering meaningful employment and support.

The family ownership structure plays a crucial role in enabling such long-term, values-driven initiatives. Free from shareholder pressure to maximise short-term profits, the Timpson family has been able to prioritise ethical employment and inclusive hiring practices. Timpson had been held in corporate ownership from 1973, but in 1983 John (father of James) bought back the business, taking it completely into family ownership by 1991.

Timpson's commitment to ESG runs deep. Its 'upside-down management' philosophy empowers front-line staff with autonomy and decision-making power. This model fosters employee well-being, loyalty, and a strong sense of purpose, which in turn enhances customer service and community engagement.

The company also supports numerous charitable causes and offers services such as dry cleaning for unemployed people preparing for job interviews. These efforts further underline the business's role as a socially conscious enterprise and, as Timpson explained to us, "We encourage and celebrate colleagues who carry out Random Acts of Kindness for doing small jobs for free."

The Timpson family's continued ownership has allowed the company to develop this distinctive social ethos that prioritises people over profits and has made Timpson a model for socially responsible business in the UK, demonstrating how family-led companies can lead with compassion and purpose.

Richard Young, G+C editor

Governance: a pillar for trust and growth

In what ways does corporate governance act as an enabler for good business within organisations, *and* as a driver of economic growth? The winning Morrison Prize essay investigates.

ALEXANDROS CHRISTOU
UNDERGRADUATE STUDENT AT THE UNIVERSITY OF STRATHCLYDE

Corporate governance has become a central pillar of modern business, particularly following notable corporate failures and rising public expectations. Robust governance is a linchpin for long-term stability and success, preventing misconduct while stimulating good business practices and broader economic expansion. As the Organisation for Economic Co-operation and Development (OECD) argued in the 2015 paper *Is corporate governance a magic bullet?*, it is "one key element in improving economic efficiency and growth as well as enhancing investor confidence," aligning the interests of boards, managers, and shareholders.

So how does governance foster internal trust and ethics, fuel innovation and responsible risk-taking, attract capital, lessen systemic risks, and support inclusive, ESG-oriented progress?

Trust, ethics, and strategic alignment

One of the most immediate ways corporate governance enables good business is by cultivating trust. Governance establishes clear ethical standards, accountability structures, and a 'tone at the top' that permeates an organisation's culture. Directors play a pivotal role in setting and nurturing this culture. Research highlights that boards setting clear expectations "encourage ethical behaviour throughout the company."

When leadership consistently upholds integrity, transparency, and fairness, employees develop greater trust and commitment. Governance underpins this ethical culture, reducing internal misconduct and promoting loyalty and teamwork.

Strong frameworks also align management with stakeholders by defining the company's purpose, values, and strategy. For example, Johnson & Johnson relies on its 'Credo' to balance stakeholder interests, allowing the firm to navigate challenges with a reputation for ethical conduct and transparency.

Transparency is a key facet of governance: regular, candid disclosure of company performance and risks reassures employees and shareholders that the business is being run honestly. Indeed, well-implemented corporate governance creates "transparent rules and controls" that align the interests of shareholders, directors, management, employees and the community.

Governance unifies employees, fostering collaboration essential for innovation and productivity. Externally, integrity reassures customers, suppliers, regulators, and investors, drawing in both committed capital and loyal customers. Conversely, governance lapses can ruin reputations, as scandals such as Enron have shown. By embedding ethics and accountability into corporate DNA, good governance sustains a reservoir of trust that energises strategic execution. Trust

underpins organisational resilience and broader societal confidence, ultimately forming the bedrock of sustainable business success.

Innovation, risk and sustainability

Corporate governance is also a critical enabler of innovation and prudent risk-taking, helping companies balance creativity and appropriate oversight. Governance mechanisms such as independent boards and risk committees provide the guidance and controls needed to manage the pursuit of new opportunities without jeopardising the firm's stability. By managing risk and ensuring accountability, boards create a secure setting for responsible innovation. Employees are more likely to present bold ideas when they trust management to evaluate them carefully.

Meanwhile, strong governance counters short-term pressures. Although investors often seek quick returns, forward-thinking boards balance short-term gains with wider stakeholder interests. The UK's Financial Reporting Council warns that a fixation on immediate profits can lead to "poor business behaviours," underscoring the need for governance that embraces an enduring perspective.

Many of today's top-performing firms have governance that explicitly supports long-trem strategy and R&D investment. For example, Microsoft's board and leadership pivoted in the mid-2010s to a "growth mindset" culture – a change championed by CEO Satya Nadella and backed by governance structures that valued learning and experimentation. This "created a corporate environment that promoted innovation" alongside introspection about technology's societal impacts. Microsoft's governance also established a rigorous ethics review processes (including an AI ethics committee) to ensure responsible innovation. The result has been a rejuvenation of Microsoft's innovation pipeline (including cloud computing and AI) coupled with avoidance of major ethical pitfalls.

Boards must address future challenges such as climate change and resource scarcity. Good governance helps businesses remain resilient and thrive by embedding sustainability into core strategy, setting goals, tracking progress, and linking executive rewards to long-term metrics. According to Unilever (see box, over), "strong corporate governance is a critical part of our approach to sustainability and an enabler of accelerated progress." Unilever's board and leadership could commit to ambitious targets knowing they had oversight structures to guide execution and manage the associated risks.

Firms with robust governance and sustainability strategies excel over the long term. By avoiding catastrophic risks (such as environmental crises or compliance failures) and diversifying energy sources, adopting circular processes, and cultivating diverse talent, they become more resilient. Good governance balances opportunity and caution, enabling innovation while safeguarding reputation. Over time, these businesses adapt more readily to market shifts, maintain steady growth, and bolster the broader economy.

As one governance expert noted, "effective governance leads to successful risk management", which in turn supports strategic innovation and long-term value creation.

Investor Confidence and Economic Stability

Robust corporate governance significantly boosts investor confidence and attracts capital, fuelling business expansion and economic growth. Investors, whether individual shareholders, institutional funds, or banks, seek assurance that a company is being managed prudently and with their interests in mind. Strong governance provides this assurance by ensuring transparency in financial reporting, shareholder rights protection, and executives' accountability.

The OECD observes that "well-designed governance policies help companies access financing, particularly from capital markets, promoting innovation, productivity, and entrepreneurship and fostering economic dynamism". Firms with strong governance raise capital more easily and at a lower cost, as investors trust their oversight and fairness. This enables greater investment in growth. Studies consistently link good governance to stronger investor appeal. For example, a report for Asia-Pacific Economic Cooperation (APEC) noted that, "confidence in corporate governance is essential in attracting individual and collective savings into securities issued by companies".

Reforms after the Global Financial Crisis in 2008 highlighted governance's role in financial stability. Strong standards reduce contagion risk, while failures can trigger market panic. Well-governed companies earn a "trust premium," as transparency and strong controls reduce risk and attract investors. This boosts capital access and share price stability. Governance standards, often required by regulators, help stabilise markets and support sustainable growth. One APEC policy report succinctly stated, "good corporate governance is critical to … the smooth functioning of the financial system". It is "a prerequisite for attracting foreign investment" into an economy.

ESG-aligned development

There has been increasing recognition that corporate governance should serve broader societal goals, too. Effective governance can drive inclusive and ESG-aligned economic development by ensuring companies consider the needs of all stakeholders, employees, customers, communities, and the environment in their decision-making.

A stakeholder-oriented approach helps businesses contribute to issues such as job creation, inequality reduction, and environmental protection, thereby supporting more inclusive growth. The OECD's principles (updated in 2023) emphasised that well-designed governance policies support the sustainability and resilience of corporations and, in turn, may "contribute to the sustainability and resilience of the broader economy".

Investors are also expanding their focus beyond short-term financial returns to include "the financial risks and opportunities posed by broader environmental and societal challenges". Capital providers are increasingly rewarding companies that manage environmental and social risks well. Governance is the tool that companies use to respond to these expectations, for example, through ESG reporting and stakeholder engagement processes.

Companies with strong governance go beyond compliance by embedding ESG and stakeholder priorities into core decisions. This opens new markets, and supports inclusive practices like diversity, fair labour, and community partnerships. Unilever, for example, links governance to livelihoods and human rights, tracking progress across its supply chain. This helps distribute the benefits of growth more widely, fostering equity and resilience across the company's value chain. Unilever intentionally lifts those connected to its business, from farmers in developing countries to employees and local communities.

Governance is also instrumental in aligning corporate activities with global objectives (such as the UN Sustainable Development Goals). Companies known for outstanding governance often lead their industries in cutting carbon emissions, advancing gender equality, or upskilling workers by embedding ESG targets into corporate objectives and tasking the board to oversee ESG performance.

Boards increasingly require climate risk disclosures and carbon reduction plans to ensure business viability in a low-carbon future. Adoption of such standards fosters more stable, inclusive, and sustainable growth. As noted in an APEC economic report, corporate governance can raise awareness about productivity and competitiveness in pursuing "a higher standard of living over time". Governance thus aligns profit with societal well-being, fostering more equitable and sustainable growth.

As global challenges intensify, companies with enlightened governance will be positioned to adapt and thrive, benefiting shareholders, employees, communities, and entire economies.

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Unilever: Driving business success

Unilever has shown how strong governance can drive business success *and* broader societal gains. Known for embedding sustainability into its core strategy, the company under CEO Paul Polman (2009–2019) moved away from short-term thinking by ending quarterly earnings guidance and favouring socially and environmentally beneficial investments.

Backed by the board, Unilever's Sustainable Living Plan (USLP) introduced ambitious targets such as improving health for one billion people, halving its environmental footprint, and supporting millions in its supply chain. Rather than mere philanthropy, these goals were built into governance structures and treated as central to Unilever's long-term mission.

Unilever integrated sustainability into governance by assigning board oversight and tying executive incentives to ESG goals, aligning purpose with profit. This fostered an ethical culture, driving innovations like plant-based products that cut costs and appealed to conscious consumers. Governance enabled a long-term vision, giving sustainability a central role in strategy and operations.

Unilever's governance focus also significantly mitigated risks. With climate change and resource scarcity posing material risks to supply chains, Unilever took proactive measures to source sustainably and reduce dependency on volatile commodities. By 2020, for example, Unilever achieved 100% certified sustainable palm oil, reducing deforestation risk in its supply and protecting the company from future regulatory or reputational shocks. One analyst noted, by embracing sustainable practices, Unilever "mitigates these risks and ensures the long-term viability of their operations".

Strong governance enabled Unilever to handle external shocks, including the 2020 pandemic, by prioritising values and stakeholder trust. Externally, its sustainability reputation boosted brand loyalty for core products (such as Dove, Lifebuoy, and Hellmann's), translating purpose into profitable growth for its sustainable living brands.

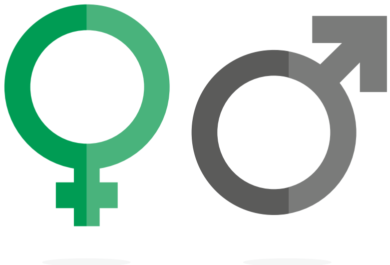
Investor confidence in Unilever surged as its forward-thinking governance delivered strong shareholder returns. The company attracted long-term investors by emphasising a 'future-ready' strategy and risk reduction. Governance-led initiatives supported millions of small farmers and micro-entrepreneurs, for instance, raising incomes and expanding market access. At the same time, Lifebuoy's hygiene campaigns reached hundreds of millions, improving public health and growing future consumer bases.

Unilever's top ESG rankings and industry influence highlight its governance model's broad social and economic impact, which it describes as an "enabler of accelerated progress". This progress has had ripple effects, driving suppliers to higher standards, inspiring other firms, and contributing to global initiatives like the Sustainable Development Goals.

Unilever has shown that effective corporate governance can unite purpose and profit, yielding robust business performance while advancing economic growth and social well-being, demonstrating governance as an enabler of good business and a driver of economic growth.

Let's talk about sex

Summer: a good time to review your response to the Supreme Court's definition of sex under the Equality Act. Plus: context in discrimination, (not)whistleblowers, and the ERB's progress.



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In April the Supreme Court (SC) delivered a judgment in the case of For Women Scotland Ltd v The Scottish Ministers. The Supreme Court ruled that 'sex', 'woman' and 'man' are all terms that refer to biological sex at birth.

The claim was brought in relation to the definition of a 'woman' in statutory guidance for female representation on boards in Scotland and whether trans women with a Gender Recognition Certificate (GRC) could legally be included within the definition, in light of the Gender Recognition Act 2004 (GRA) and the Equality Act 2010 (EqA). As readers will have seen since then, it has much wider implications.

The SC confirmed the position that trans women do not fall within the definition. Although this was decided on the specific issue of women sitting on boards, the decision extends into a myriad of situations, including single-sex facilities such as toilets and changing rooms, creating a challenge for employers to ensure all legal obligations are complied with and without unlawful discrimination.

The SC also emphasised that trans people are protected against discrimination and harassment because of gender reassignment. In addition, there is also protection against sex discrimination if someone is treated less favourably because of their sex, including perceived sex.

Impact of judgment

The Equality and Human Rights Commission (EHRC) released an interim statement in response to the SC decision at the end of April. It was confirmed that legally under the EqA 'woman' is defined as a biological woman or girl who was born female; and a 'man' is a biological man or boy who was born male. In relation to facilities provided by employers for employees the statement made clear that only those people who fall within the definition of a woman or man should use the prescribed single sex facilities (such as toilets, washing or changing facilities).

However, advice should be sought before applying this rule to trans men and trans women, particularly if there are no gender-neutral facilities as this raises numerous issues. Where possible, there should be a mix of same-sex and gender-neutral facilities, and this should ensure a proportionate solution. This is a complex area, with some commentators being critical of the interim statement. So advice should be sought before making changes as there could be unexpected adverse consequences. And it will be important to consider a variety of issues such as whether changes to rules would effectively 'out' a trans person.

In addition, on 20th May the EHRC launched a consultation in response to the ruling, considering changes to its Equalities Act 2010 Code of Practice for services, public functions and associations. Courts and tribunals must take the code of practice into account in cases involving discrimination. Any updated Code is likely to cover both employment-related issues and those arising from providing a service to clarify the practical legal position.

The consultation closed on 30th June, so it's possible the recommendations will be available by the time you read this. But regardless of any changes, there are a number of key areas employers should look to review following the April decision – such as ensuring health and safety provisions are reviewed and that everyone has access to appropriate facilities within the workplace. Communication lines should be kept with those affected and other stakeholders such as recognised Trade Unions, representative bodies within the workplace, or staff councils. Concerns should be dealt with appropriately in compliance with the EqA and other related legislation as it stands. Privacy should also be prioritised to ensure any information related to employee's trans status is secure, especially given this would be classified as special category personal data.

Potential discrimination does not have to be recognised by an employee

In the recent case of Kokomane v Boots Management Services Ltd, the Employment Appeal Tribunal (EAT) confirmed that allegations of discrimination do not have be labelled by the Claimant as discriminatory to be a 'protected act' thus giving rise to protection under the victimisation provisions of the EqA.

The Claimant's grievance alleged she was being bullied and treated differently. During the hearing, she commented that black women and girls are "known to be loud". One issue she had complained of was that she had been accused of shouting. The Claimant had not specifically said that she believed that she was being discriminated against on the grounds of her race at any point of the grievance process. She was the only non-white employee.

The EAT confirmed that, to be protected, discrimination allegations do not necessarily need to be named as discrimination; the context of the situation must be considered. The employee needs to complain about any concerns – and the tribunal would ultimately decide of there is discrimination, based upon the context. This would include the allegations, the way the employee reported it, and what the employee would understand about the allegations. The Claimant's allegations in this case, in context, were protected and she could bring a claim of victimisation.

External applicants cannot be whistleblowers

The Court of Appeal (CoA) has confirmed that external job applicants are not protected by whistleblowing legislation around protected disclosures. It was found in the case of Sullivan v Isle of Wight Council that this was in line with human rights and is an exception to the standard rules on whistleblowing (apart from NHS applicants). For this to change, it said, the Government would need to legislate to specifically extend the current law to cover job applicants.

In this case the Claimant had applied unsuccessfully for a role at the council. She complained about the interview process, as well as making allegations about financial irregularities in a trust one of the interviewers was involved with (the Protected Disclosure). She was refused an appeal within the internal complaints process and the Claimant argued this was a detriment for making the Protected Disclosure.

The argument that an applicant in her situation could make a protected disclosure was rejected, with the CoA confirming that she was not comparable to an internal applicant or NHS job applicants.

As a result, as it currently stands, companies could potentially decide not to investigate claims of a whistleblowing detriment made by external job applicants, saving both time and money. However, advice should be sought on the specific issues before final decisions are made.

Update on the Employment Rights Bill

As we've known for some time, the Employment Rights Bill (ERB) is set to be a landmark piece of legislation with many fundamental changes in employment law to be enacted. This legislation is currently in the House of Lords: its third reading, a chance for members to make sure the eventual law is effective, is scheduled for Wednesday 3 September. (You can track its progress at bills.parliament.uk/bills/3737)

Several phases of consultation are now scheduled to tackle various provisions in the Bill. These will include the extension of time limits for most claims from three months to six months and the expansion of employer liability for third party harassment.

The provision that has arguably gained most attention – that employees will have unfair dismissal rights from day one – is retained in the Bill and will be the subject of consultations over the summer. However, key information is still needed in relation to the 'light touch' dismissal procedure for new employees (commonly now referred to as a statutory probation period). It appears unlikely that this new dismissal process will be part of the initial raft of changes, with an expectation that this will come into force in autumn 2026.

It has been confirmed that the 'right to switch off' will not be included within the legislation to avoid an extra burden on businesses for now.

Its look as though, after much criticism, the government wish to be seen to strike a fairer balance than may have previously been perceived to be the case. Once the position has been clarified this will be covered in more detail in a future briefing.

SMS: sending a message

The CMA has made it clear it intends to use its new powers to conduct Strategic Market Status investigations under the Digital Markets, Competition and Consumers Act.

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The UK's Digital Markets, Competition and Consumers Act 2024 (DMCCA) that came into force on 1 January 2025 provides for the creation of a new 'pro-competitive' digital markets' regulatory regime. It empowers the Competition & Markets Authority (CMA) to designate companies with Strategic Market Status (SMS) if they have substantial and entrenched market power in a digital activity with a significant UK connection.

An SMS-designated firm can be subject to wide-ranging new regulatory tools – such as conduct requirements and pro-competition interventions – targeted specifically at them, and at promoting fairness, innovation, and consumer protection on digital markets.

SMS status

A company can only be designated as having SMS status following a CMA investigation lasting nine months (subject to certain extensions). It must also meet a series of legal tests in relation to a specific digital activity. A 'digital activity' is very broad in scope, and is defined as the "provision of a service by means of the internet or the provision of digital content" (including software, music, computer games or apps). So this could include search, search advertising or cloud computing services, for example. The tests are:

- **A substantial and entrenched market power** in relation to that specific digital activity. This refers to a firm's significant and durable market position, not a temporary advantage; and
- **a position of strategic significance** in relation to that activity. This will involve considering a firm's size, the number of other firms relying on its activity, its ability to extend market power, or its influence on other firms; and
- **a specific UK connection**: the DMCCA says that the digital activity must have a link to the UK. This test is likely to be easily satisfied. A firm does not need to be based in the UK; it is sufficient that either: a) the digital activity has a significant number of UK users; b) the firm carries out business in the UK in relation to the digital activity; or c) the activity is likely to have "an immediate, substantial and foreseeable effect on trade" in the UK; and
- **minimum turnover:** satisfy the turnover thresholds. The firm, or its group, must have global turnover in all activities (not just the relevant digital activities) of more than £25 billion or UK turnover of more than £1 billion for the relevant 12-month period. The effect of this criteria means that SMS designations are only likely to apply to the largest tech firms

Once designated, an SMS firm can be subject to conduct requirements imposed by the CMA tailored to specific activities – it may be designated for only some of their operations, of course. The SMS regime is similar to the gatekeeper regime under the EU Digital Markets Act (DMA) but is wider in scope and has more flexibility. Accordingly, it is able to respond more effectively to individual market situations. The SMS designation lasts for five years before it is reviewed.

The CMA can also launch specific 'mini-Market Investigations' called 'pro-competitive interventions' (PCIs) if it believes that a feature of the SMS firm's market or their activities are not working effectively from a competition law point of view. Following the conclusion of an investigation it can order appropriate remedial measures.

First SMS investigations

In early 2025, the CMA launched its first two SMS investigations. (The targets might not surprise you.)

Google General Search Services: on 24th June 2025 the CMA announced that following its SMS investigation starting in January, it was proposing to designate Google as having SMS in general search services subject to further consultation. This designation would allow the CMA to regulate Google's conduct in these areas. The CMA's concerns are that there is weak competition on these markets, and high barriers to entry – particularly in the emerging field of AI-powered search. The investigation will also assess whether Google is using its dominant position to favour its own services over those of competitors. Finally, it will examine whether Google exploits user data and publisher content.

Google and Apple: Separate investigations into mobile ecosystems: on 23rd January 2025 the CMA launched separate investigations into Apple and Google's mobile ecosystems, specifically their operating systems, app stores, and browsers. The CMA is concerned that Apple and Google may be using their control over these key areas to favour their own services and apps, potentially harming competition and innovation. The CMA has not issued any provisional decisions yet, but they are expected to conclude by 22 October 2025.

Implications for the tech industry

1. **Increased regulatory scrutiny on dominant platforms**. Tech giants with entrenched strong market position will now be subject to focused CMA scrutiny in discrete digital activities, specifically whether they inhibit competition; leverage market strength to favour their own services; engage in exploitative data or content practices.

2. **Conduct requirements and compliance mandates.** If designated as an SMS, a firm can be ordered to comply with conduct requirements – such as data-sharing mandates, interoperability obligations, or default-setting reforms – to level the competitive playing field. These rules are tailored to the individual market and firm's own circumstances. The enforcement regime has "real teeth". Failure to comply with the relevant conduct requirements may trigger fines of up to 10% of global turnover.

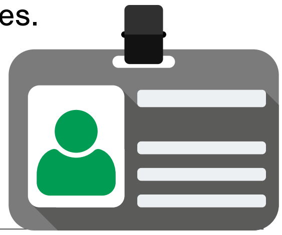
3. **Shift toward market openness and innovation.** The new regime aims to open up digital markets. Conduct requirements may enable smaller competitors to enter or compete more effectively – such as launching alternative search engines, independent app stores, or AI-based services using search data. The CMA aims to stimulate new entrants and innovative ecosystems.

4. **Strategic and operational impact on large tech firms.** All firms conducting digital activities with a UK link and which meet the turnover thresholds (UK turnover of £1bn or more; or global turnover of over £25bn) are within CMA's SMS jurisdiction. However, it is not just the regulatory requirements of the UK digital markets regime which are relevant. Firms that are also caught by the DMA regime will need to comply with EU requirements. This may increase compliance complexity for firms that also act within European markets. If regulatory requirements become too complex, 'Big Tech' may start to adapt or withdraw services from certain jurisdictions which could ultimately hurt the interests of end users .

5. **What should tech companies do?** For those tech firms potentially facing an SMS investigation, the introduction of the new regime signals new priorities. Companies need to consider auditing their digital activities for risks of SMS designation, especially in core areas like search, advertising, marketplaces, mobile OS, or app stores. If at risk, it is prudent to prepare for engagement with the CMA and, if not directly the subject of an SMS investigation, be ready to participate in consultations and invitation to comment phases. They should plan ahead by reviewing policies that might be particularly vulnerable to regulatory action such as those around data, default settings, pre-installs, and vertical integration. How would they adapt their systems and policies for adaptations to interoperability, data portability, non preferencing obligations, or separation measures is designated SMS?

ECCTA: dive into IDV

By requiring ID verification for all directors and PSCs, ECCTA is a reform that brings Companies House in line with modern day challenges.



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The Economic Crime and Corporate Transparency Act (ECCTA) received Royal Assent on 26 October 2023. It was introduced by the UK Government to combat economic crime and enhance transparency. Implementation of the ECCTA has been rolled out in phased stages since 2023. The legislation primarily focuses on identity verification, strengthened information requirements, improved data accuracy and reliability, and expanded enforcement powers for Companies House.

The first step that Companies House has taken is to improve the quality of information on the register to ensure that the information on the register or documents submitted are accurate and not misleading. This may have led to an increase in communications over the last year from Companies House. All companies have also been required to register an email address with Companies House that is not accessible to the general public, and therefore it is important for company secretaries and businesses to ensure that this email address is kept up to date.

Identity yourself

The next big milestone is that there will be an ID verification requirement for Directors and PSCs from Autumn 2025, although the exact date is still to be confirmed; this is one of the biggest changes for filings at Companies House in recent years. From Autumn 2025, a 12-month phased process will begin to require ID verification (IDV) for more than seven million existing directors and PSCs on the Companies House register as part of their annual Confirmation Statement filing, and will also be a compulsory part of incorporation and new appointments. (Voluntary verification has been in place since April.) New directors will be required to be verified prior to their appointment.

Individual PSCs will have 14 days from the date they have notified Companies House that they are a PSC to confirm to the Registrar that their identity has been verified. For Relevant Legal Entities the period is 28 days to provide the name of a verified relevant officer, for example a director. If PSCs are not verified after this point, this is a criminal offence. If companies have declared that the company knows or has reasonable cause to believe that there is no registrable person or registrable legal entity in relation to a company, no further identity checks are required in addition to the directors of the company.

Enter the ACSPs

The verification can either be undertaken by the individual through Companies House, or through an Authorised Corporate Service Provider (ACSP). Whilst verification can be undertaken by the individuals themselves, if they do not have a suitable ID (biometric passport from any country or other suitable UK ID document), they will need to use an ACSP which is permitted to consider a wider list of ID documents or go in person to a Post Office.

From 18 March 2025, businesses and individuals have been able to be authorised as an ACSP to conduct identity verification on behalf of individuals and corporate entities. These providers are required to be continuously registered with an anti-money laundering supervisory body, and must notify any changes to information held about them within 14 days of the change. ACSPs can complete the checks remotely or in person. If the evidence is being checked by a person, they must be trained in detecting false documents by a specialist training provider.

The second option is that the ACSP employ anti-money laundering software to perform the required checks. In any case, ACSPs must demonstrate and will have the obligation to ensure that the verification checks are carried out in compliance with Companies House verification standards, outlined in secondary legislation and official guidance. As such, the assurance level of identity checks conducted by ACSPs should be equivalent to that of direct verification by Companies House. ACSPs will need to make a formal declaration confirming adherence to the prescribed standards to the Registrar and keep a record of the evidence used to complete the check for 7 years, evidence of the identity checks that have been completed and records of any failed verification attempts. This process thereby aims to prevent the registration of fictitious directors or beneficial owners, significantly reducing fraudulent appointments on the Companies House register. This extends the obligation beyond company directors, placing a duty on company secretaries to engage with the verification process.

On board with ECCTA

In light of these developments, it has become essential for company secretaries to incorporate ECCTA-related discussions into board meetings to ensure directors are adequately informed and prepared for the upcoming changes. Company secretaries and businesses will also need to reassure Directors and PSC of secure storage of the ID used in the verification process.

Individuals will only need to undertake an identity verification once, and once verified, individuals will receive a personal code that can be used for all of their directorships or PSC registrations on Companies House. Identity verification is expected to be a one-time requirement. However, if the Registrar has reason to question the validity of a previously verified identity, re-verification would be mandated.

Circumstances triggering re-verification are to be outlined in secondary legislation. Non-compliance with the identity verification requirements could result in criminal proceedings, civil penalties, the designation of 'unverified' status by Companies House, and other consequences depending on the specific circumstances. The 12-month transition period for all individuals on the register requiring identity verification will conclude by the end of 2026, and Companies House have said that they will thereon commence compliance activity against those who have failed to verify their identity. They will also undertake more cross-checking of information and data between Companies House and other public and private sector bodies.

Following the ID verification requirements for Directors and PSCs, by spring 2026, identity verification will also be required for presenters, and third-party agents filing on behalf of companies will be required to be registered as an ACSP. Therefore, it is recommended that any businesses or sole traders who are making filings on behalf of others consider the requirements to become an ACSP, which is primarily that they register with an anti-money laundering supervisory body, ahead of spring 2026. There is currently a £55 one-time registration fee for registering as an ACSP. Similarly, it is important to ensure that any directors, the company secretary or employees who are making filings on behalf of the organisation are also suitably verified ahead of that time.

In summary...

The introduction of identity verification by the ECCTA marks a significant shift in the UK's corporate regulatory landscape, placing a renewed emphasis on transparency, accountability, and the prevention of economic crime. The role of company secretaries and ACSPs is central to this transformation, offering a structured and secure mechanism for identity verification.

For company secretaries, both in-house and within professional service firms, this development presents not only new responsibilities but also an opportunity to reinforce governance standards and support regulatory compliance. Engagement with these reforms, particularly through board-level discussions and strategic planning, will be essential in ensuring a smooth transition and safeguarding the integrity of corporate operations in the years ahead.

Further reading: resources on ECCTA

Corporate criminal responsibilities under ECCTA.

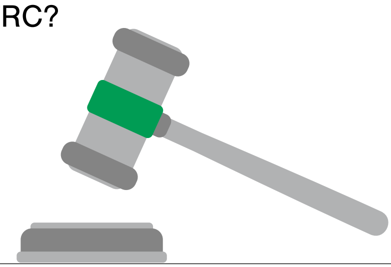
More detail on the 'failure to prevent fraud' provisions of ECCTA.

On 1 July 2025, Companies House published updated guidance on the preparation and filing of annual accounts, reflecting key reforms introduced by ECCTA.

CH guidance on IDV is a useful reference.

Fine. This is fine.

Audit regulation remains a contentious issues, with ARGA delayed yet again. But do this year's fines for Thomas Cook's auditors suggest a more aggressive trajectory for the FRC?



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The UK's auditing regulator has had a busy year. In April alone, the Financial Reporting Council (FRC) imposed severe financial penalties on international auditing firm EY and individual partners – £4.9m in the case of Thomas Cook's audits prior to its collapse in 2019, followed swiftly by a £500,000 fine for breaching audit term limits at Stirling Water Seafield Finance.

In the Thomas Cook case, both EY and an audit partner admitted "serious breaches of standards" relating to audit work performed on two important areas of its group financial statements for both the 2017 and 2018 audits. The FRC was particularly concerned that the auditors had failed "to adequately challenge management" on two areas – goodwill and 'going concern'. In particular, the FRC pointed to the significance of the travel company's large goodwill balance of £2.6bn because it amounted to over 40% of the group's total assets. The FRC also judged that EY and the audit partner did not meet adequately the relevant auditing standards (including ISA 570) which was important to users of the financial statements.

The penalties imposed upon the auditors were certainly significant. As well as the fines, both EY and the partner were also given a "severe reprimand." However, the FRC did concede that there was no suggestion that the auditors' actions were "intentional, deliberate or reckless" and all the parties co-operated with the FRC's investigation. Nevertheless, the financial impact and reputational damage was significant for the auditors.

The recent scale of FRC sanctions is impressive. This April, London financial newspaper *CityAM* calculated that the FRC fined the 'Big Four' accounting firms over £154m in total (before discounts) over the past five years. Last year alone, auditors were hit with total FRC penalties and costs of over £40.4m.

The limits of liberty?

Are auditors now being treated too harshly? Part of the issue is that, as we know, auditing is not just checking historical transactions. Contrary to popular opinion, auditors don't necessary limit an audit to examining their clients' past activities. Under certain circumstances, the future matters too; auditors need to review estimated future projections and assumptions.

Directors are legally responsible for preparing financials, statements, policies and assumptions. However, auditors will almost certainly be expected to assess this information during the end-of-year statutory audit. Auditors may then also require future projections. For example, it may be necessary for auditors to review just how a company's management have estimated future cash flows of an asset in order to determine its economic value. Such a process is necessary to ensure an asset is not overstated in the balance sheet.

In addition, international financial reporting rules require goodwill in the group accounts to be periodically re-assessed to determine if it is overstated. This process will usually involve estimating the present value of future cash inflows that are expected to be generated. In addition, there are often other subjective factors to review such as deciding how many years of future cash flows should actually be discounted; and in ascertaining the highly sensitive discount factor. By their nature, these reviews and decisions are problematic and often high risk.

Regulators are now increasingly imposing penalties on auditors if they have signed off management's numbers, estimates and policies – which later fail to meet expectations. There is always inevitable and considerable pressure on auditors: if they judge a company is not a going concern, the company's existence is immediately placed at risk. But if auditors sign off on the basis that the company is a 'going concern' and subsequently it fails, they inevitably face questions.

Penalty takers

The recent sanctions imposed in the Thomas Cook case reflects the trend of other high levels of financial sanctions also being imposed for audit failings on other companies. Over the last decade, high-profile audit cases such as Carillon, BHS and Valerie Patisserie have also attracted wide attention. These companies collapsed shortly after having their financial statements satisfactorily 'signed off' by auditors. As such, the FRC was forced to been seen to tighten up regulation against a background of public and political pressure. Indeed, the Carillon case particularly illustrates the newly found determination, if not enthusiasm, of the FRC to pursue cases against auditors.

In 2023, an FRC case against KPMG also illustrates the extent of the regulatory penalties for auditors. KPMG was accused by the FRC of not conducting construction and outsourcing group Carillon's audit with an "adequate degree of professional scepticism" which later resulted in FRC imposing a monumental £26.5m penalty (including costs). This sanction was reduced by 30% for admissions and co-operation. In addition, the responsible audit partner personally received a £500,000 penalty (also later reduced) and a decade's suspension from their professional body.

There has also been increasing political pressure on auditors, which was clearly reinforced with the Thomas Cook audit decision. After a failed bailout plan, large 'one-off write-offs' and a significant and unexpected drop in earnings, the travel group collapsed with debts of over £1.6bn. The travel company inflicted severe upheaval by leaving 150,000 customers stranded around the world. Over 20,000 employees also lost their jobs.

Given the public concern at the time, politicians intervened and vented their anger at the auditors. Rachel Reeves MP, then the chair of the Commons Business, Energy and Industrial Strategy Committee (BEIS), clearly had no sympathy for auditors. Ms Reeves pointedly asked (the auditors): "how many more egregious cases of accounting do we need? How many more do we need before your industry opens its eyes and recognises that you're complicit in all of this and you need to reform?"

What next?

Quite properly, the FRC has been targeting poorly conducted audit work and breeches of auditing and reporting standards. Although sub-standard auditing cannot be excused, there are many nuanced but significant aspects of an auditor's work which need subjective or value judgements which are made on the basis on their auditing experience and professional opinion. Indeed, exercising these value judgements and forming appropriate opinions are part and parcel of most professions.

Has the audit regulatory pendulum for audit firms may have moved too far in the opposite direction? Charges of FRC over-reaction and over-regulation with auditing firms, sometimes facing unreasonable and/or unjustified multi-million pound fines, might become moot depending on the timetable for the replacement of the Council with the new statutory regulator, the Audit, Reporting and Governance Authority (ARGA).

That suffered another delay in July: "due to the current volume of legislation before Parliament, the draft Audit Reform and Corporate Governance Bill will not be put forward for pre-legislative scrutiny in this session," declared Justin Madders, Minister for Employment Rights, Competition and Markets, in a letter to Liam Byrne MP. ARGA would see a broadening the definition of Public Interest Entities (PIEs) to encompass the largest private companies, thereby expanding the regulator's remit and potentially bringing many more directors and their companies under significant scrutiny.

ARGA would also gain enforcement powers to investigate and sanction directors for serious failures in relation to their financial reporting and audit responsibilities. And it's also possible that the increase in sanctions for individual auditors who, in the FRC's view, unjustifiably sign-off the audit report will continue, regardless of when ARGA finally emerges to replace the FRC. The proof of the pudding will be in the eating – but as of now, few other regulated professions face such harsh treatment on the scale faced by auditors.

The eventual outcome may be auditing firms will need to minimise operational and litigation risks by devoting yet more time and resources to audits, resulting in higher client fees. In addition, individual auditors may just decide there are other safer non-audit career opportunities in less-risky areas.

Online exclusives

Find this issue and online exclusives at **www.govcompmag.com** – and see the CGI website **www.cgi.org.uk** for blogs, tools to manage CPD, policy papers, events and more.

Season opener

As governance professionals... er, referees across the country blow their whistles for the kick-off of the 2025/26 season, we've been right across the launch of football's new governance framework. Our backgrounder blog looks at the remit for the Independent Football Regulator, while over at G+C Bernadette Young asks whether football's troubled finances will create problems for ongoing good governance and the hamper IFR chair David Kogan's prospects for enhancing the sustainability of the sport.

Blog: a new era for football governance

Online exclusive: Gov'nance's coming home

The price of everything, the value of nothing

Intangible valuation has been one of accounting's longest-running debates. The IASB has been probing what information is needed to back up claims.

The human impact of ransomware raids

Ransomware hit UK retailers in the spring; their teams are still recovering even as they look to protect against future attacks. We can't neglect our duty of care to execs and IT crews suffering cyber-stress as a result.

Anthony Hilton
Former Financial Editor of the Evening Standard

AI: feast or famine?

You can't escape AI, and it's evolving so quickly – with vast and diverse governance implications – that we'll be coming back to it regularly. But the myriad dilemmas are illustrated by two key risks it creates: oversimplification *and* information overload. It's a recipe for disaster. But there is a third way.

Megan Pantelides
Executive Director – Research, Board Intelligence

Lost in the post

The first part of the Post Office Horizon IT inquiry landed in July and included some key governance lessons – especially on compensation.

Ethical decision-making in organisations

As corporate ethics take centre stage in boardroom conversations, this month we look at organisations wrestling with moral responsibility in a rapidly evolving world.

What drives ethical decision-making at board level?

According to 50% of respondents, organisational values are the top driver of board-level ethical decisions. However, risk mitigation (35%), media perception (34%), and compliance (30%) suggest that external pressures remain influential. Interestingly, the personality of leadership also plays a substantial role (30%), highlighting the power of individual integrity in governance.

Where are the blind spots in your organisation?

The most prominent blind spot identified was AI and data ethics (26%), reinforcing concerns about rapidly advancing technology outpacing ethical oversight. DEI (14%) and supply chain practices (16%) followed, though a notable 36% said none stood out—possibly indicating either confidence or lack of awareness.

Ethics vs profit: where do boards stand?

Encouragingly, 39% are very confident their boards lead with integrity, and 45% believe it depends on the issue. Still, 12% reported that financial gain often overshadows ethics. This tension suggests that moral leadership remains aspirational for some organisations.

The role of governance professionals

A strong majority (54%) see governance professionals as wearing multiple hats—from gatekeepers and conscience-holders to strategic advisers. Only 1% felt ethics isn't in their remit, indicating broad consensus on their vital role in shaping boardroom values.

Embedding ethics across organisations

Six themes emerged as key tactics:

- Tone from the top
- Culture
- Educating on purpose and values
- Linking ethics to rewards
- Connecting ethics to values
- Integrating values into strategy
- Culture-driven initiatives combined with structural links between ethics and performance seem to be the preferred roadmap.

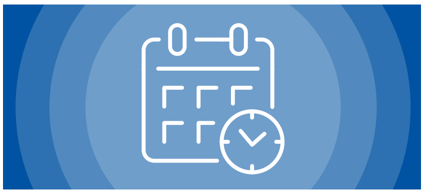
How confident are you that your board would prioritise ethics over short-term commercial gain?

Very confident – they lead with integrity	**39%**
Reasonably confident – but it depends on the issue	**44%**
Not confident – financial gain often dominates	**12%**
Depends on the Chair and CEO	**4%**
I don't know	**1%**

Conducted in association with The Core Partnership

If you are a company secretary or governance professional at a leading UK business and you would like to take part in or comment on future surveys email **team@core-partnership.co.uk**

Conferences, training and technical briefings: cgi.org.uk/events



Subsidiary Governance Conference

16 September, London

This year, the Chartered Governance Institute's Subsidiary Governance Conference is back to explore the evolving landscape currently impacting parent and subsidiary companies. By investigating a range of geopolitical, economic, legal and regulatory issues, this event aims to better equip participants with the knowledge and strategies needed to navigate these complex governance challenges.

Building your Governance Career

30 September, London

A governance professional can wear many hats, and having the right skill-set to progress in your career is crucial for achieving success and enhancing job satisfaction. To build a career in governance a combination of education, skills, experience, networking, and a passion for promoting ethical practices and effective decision-making within organisations is required. Join us to find out how to bring them all together.

Governance North

7 October, Manchester

The Chartered Governance Institute UK & Ireland is delighted to return this year with the Governance North conference to Manchester on 7 October 2025. This one-day conference offers insights, debate and networking for governance professionals in the North of England.

CGIUKI Awards

4 November, London

Tickets and tables available to book now!

Recognising and celebrating excellence across the governance profession, the CGIUKI Awards reward the work and achievements of companies, teams and individuals from across the governance profession.

The ceremony is the largest event of its kind in the UK and a real highlight of the governance social calendar. There are 18 categories, and along with awards recognising rising stars, established professionals, outstanding contributors and service providers, there are prizes for transformational projects, innovation in diversity & inclusion, ESG that goes above and beyond, reports, and disclosures.

But the evening is above all a chance to come together as a profession, kick-back and celebrate, with ample opportunity to network, entertain – and be entertained.

The CGIUKI Annual Awards will be held on Tuesday 4 November 2025 at the stylish Royal Lancaster Hotel (London, W2 2TY). Both standard and executive tables (with access to a special VIP area) are now available from the CGI website:

Governance Guernsey

16 October

Disrupt or be Disrupted!

Join us for a dynamic day of insights and innovation from expert speakers tackling the most pressing challenges facing the Channel Islands – plus networking opportunities galore.

Technical Briefing Live!

21 October

This hour-long lunchtime webinar with CGI's Policy and Research Director, Peter Swabey FCG and his team will provide you with invaluable updates on the latest regulatory developments and CGI guidance.

Chartered Governance Institute UK & Ireland

Tuesday 4 November

AWARDS 2025

Chartered Governance Institute UK & Ireland

Royal Lancaster Hotel
Hyde Park
London

cgi.org.uk/awards

A night of distinction

The CGIUKI Awards is a wonderful and vibrant celebration of the outstanding achievements of the governance profession.

We'll reward rising stars, established professionals, outstanding contributors and service providers, as well as transformational projects, innovation in diversity and inclusion, ESG, reporting, and disclosures.

Join us and celebrate your colleagues and peers at the most prestigious night of the year for company secretaries and governance professionals.

Book your seat today

Tables start at £4,115, with single seats £425 (excluding VAT).

Chartered Governance Institute UK & Ireland

cgi.org.uk

Raising Standards Through Bespoke Governance Training: Why One Size Doesn't Fit All

Governance is not static – and neither should training be. At the Chartered Governance Institute UK & Ireland (CGIUKI), we believe governance professionals deserve more than generic, off-the-shelf training. Whether you're a seasoned Company Secretary, a Board member, or a rising governance advisor, your organisation's structure, culture, risks and regulatory environment are unique. That's why bespoke training isn't a luxury – it's a strategic advantage.

Bespoke training: raising the bar where it matters

Off-the-shelf training can raise awareness. Bespoke training raises standards. We've seen this first-hand. In one recent engagement, our team delivered a tailored Directors' Duties session to a construction and engineering firm. It didn't stop at knowledge transfer. The session prompted a wider conversation among the Board, ultimately leading to a full review of the company's articles and a reset of how meetings were structured and decisions recorded. Training became a catalyst for stronger governance – because it addressed their specific context. This is the power of bespoke: real relevance, real impact.

Better-informed decisions start with sharper understanding

While training alone can't guarantee better decision-making, it can set the conditions for it. Bespoke sessions help Boards and senior teams focus on the nuances that matter – jurisdictional complexity, regulatory pressures, sector expectations – all delivered through real-world scenarios your people face daily. Our bespoke programmes are designed and delivered by seasoned professionals with decades of cross-sector and multi-jurisdictional experience. They're grounded in practical governance challenges, tailored to your needs, and delivered with the energy and clarity that governance deserves – no dry lectures here.

Why CGIUKI?

We know governance professionals value credibility, relevance, and return on time.

That's why our bespoke training:

- Aligns with your organisation's sector and structure
- Delivers training at Board, senior leadership or operational levels
- Is led by experts who make complex topics accessible – and even enjoyable
- Can be delivered in-person, virtually or hybrid
- Often leads to meaningful, lasting change

Whether your aim is to strengthen Board effectiveness, sharpen regulatory compliance, or empower teams to ask better questions, we design training that helps your organisation do governance better.

Ready to start a conversation?

If your organisation could benefit from focused, engaging and impactful governance training, contact CGIUKI today to discuss a bespoke solution tailored to your needs. Use the QR code or contact us using these details:

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