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|  | <p>CORPORATE GOVERNANCE</p> <p>Raising the issues locally</p> |  |
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ECCR has made submissions to the government and to Parliament as part of consultations going on about corporate governance (see our website [here](#)). The debate about company behaviour is, however, one for every company and all in our society. What can you (or your church) do to encourage the debate and promote understanding of the issues?

Actions

1. Read the submissions ECCR has made on our website (on company transparency [here](#) and on corporate responsibility [here](#))
2. Convene a group in your church or company to discuss the issues. Read Matthew 25, v14-46 and Amos 5 v10-15 and 24, and Micah 4, v3-5.
3. Encourage a wider discussion

Would a local business or Rotary group foster a discussion in your area? What about the Chamber of Commerce or the Round Table or Churches Together?

These can take two forms:

- Private for the benefit of the participants
- Public with an idea of educating a wider audience about the issues

Who to invite?

- Directors of local companies
- Local trade union leaders
- Providers of infrastructure (local and county councillors and council departmental managers)

There could be more than one such gathering, perhaps with different participants for some of them. Here are some issues that can be discussed. Don't try to deal with all the questions in one evening. Choose some questions and try to probe the issues they raise.

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ISSUES TO DISCUSS

What is a company for?

- Does a company exist solely for the benefit of shareholders?
- Does it have responsibilities to employees?
- What about its obligations to pensioners?
- Does it owe a duty of any sort to the town it operates in?
- What are its obligations as a tax payer?

Supplies

- Where do supplies come from?
- Are they sourced renewably?
- Is any child labour used in the production?
- What are the safety standards in the supply plants?
- What obligations does it have to suppliers to advise them and to pay them?
- What obligations to customers to ensure standards of production are high?

Environment and Climate

- What is the company's impact on the environment?
- What is its carbon footprint?
- What steps are being taken to reduce the footprint?
- Is the company party to extracting ore or fuel from the ground, or does it fell forests for timber or land?
- What steps does it take to ensure established users of the land are giving free and informed consent?
- Does it pay a licence fee to the national government?
- How much tax does it pay in the country it is extracting from?
- What is its human rights record? How does it monitor that?

Customers and Innovation

- What steps are being taken to innovate and create new products?
- Will those involve higher productivity?
- Does higher productivity mean fewer jobs?
- Are jobs being transferred overseas? Could the work be done here or is it overseas because it cannot be done here?
- What decides where to locate jobs? If overseas, are standards of employment and safety checked or are conditions those of sweat shops with child labour involved?

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Governance

- How do directors balance the interests of stakeholders in the business?
- Who are the stakeholders? Do future generations count as stakeholders?
- Is there a system to consult with stakeholders about new developments? How are stakeholders represented? If there is no system for consultation how do directors fulfil their statutory duty?
- Is section 172 (see below) still correctly worded or should the words ““for the benefit of its members as a whole” be omitted?

SECTION 172:

172 Duty to promote the success of the company

- (1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—
- the likely consequences of any decision in the long term,
 - the interests of the company's employees,
 - the need to foster the company's business relationships with suppliers, customers and others,
 - the impact of the company's operations on the community and the environment,
 - the desirability of the company maintaining a reputation for high standards of business conduct, and
 - the need to act fairly as between members of the company.
- (2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.
- (3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.

People

- What steps are being taken to reduce pay differentials? What is the ratio of the highest paid to the lowest paid? What is the justification for that differential?
- When setting pay rates is there regard to the rates in other companies in the sector – for all employees or just the highest paid?
- What obligations does the company have to pensioners? Is the pension scheme fully funded? Has the final salary scheme been wound up or closed to new entrants?
- Will new employees get a pension as good as employees retiring this year? How do the pensions compare with public sector pensions?
- What steps are taken to ensure training and development of employees? Does that happen in every country the company operates in?

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- What about the supply chain?
- Are the lowest paid jobs done by external contractors (cleaning, catering etc)?
- Do those get included or excluded from the company's definition of pay ratios?
- Is there any attempt to make sure all sub-contractors are paying at least the living wage?

Reporting

- What reports does the company issue about its performance?
- Is there any independent checking of its impact on the environment, or human rights, or pay inequality?
- Is there any reporting to employees or customers, or is it only shareholders?

Human Rights

- What are human rights?
- Are there issues of sex discrimination? Is everybody paid the same rate for the same work?
- Do older people have the same rights as younger ones/employees of long-standing, the same rights as new employees (maternity/paternity rights have often improved in newer contracts; new employees may not have the same pension rights as older ones)?
- What thought has been given to human rights in overseas subsidiaries or suppliers? What are working conditions like? How do employment conditions compare?
- Is it right to accept different conditions in different countries (there might be no work at all if the conditions were expected to be the same)?
- What obligations/responsibilities does a UK company have for the rights of workers supplying it overseas?
- Does it make a difference if the overseas supplies come from a subsidiary company?