



Summary

Setting the right values and culture is integral to a company's success and its ability to generate value over the longer term.

The challenge for business is how to develop and embed real values. This requires leadership and is a core task for boards.

Many boards acknowledge the importance of a healthy corporate culture, both because of the role this plays in mitigating risk and because of the value to their franchise of a sound reputation.

This Board Briefing sets out why directors need to be actively involved in setting and maintaining a company's ethical values and suggests some ways to approach it. It aims to help directors define their contribution to the maintenance of sound values and culture.

Chapter 1 describes how setting the right values and culture is integral to a company's success and its ability to generate value over the longer term. As such the task is very much one for boards. This is a positive task, which aims to make a business stronger and more sustainable.

Chapter 2 explores the place of ethics in strategy and governance. It looks at how the business model can be supported by ethical values, and the critical role they play in building trust and creating a corporate culture that will reduce risk and build value over the longer term.

Chapter 3 examines the practical implications for

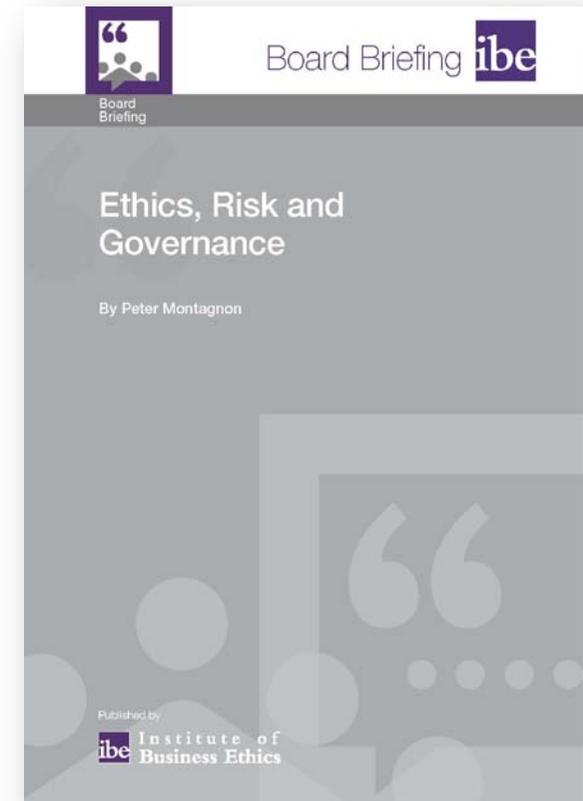
boards, how they might define the company's ethical values, and encourage 'tone at the top'.

Chapter 4 describes how boards can assure themselves that the desired behaviour is embedded and monitored. It looks at how codes of ethics, speak up lines, incentives, and monitoring and assurance processes can assist. It considers the role of board level committees responsible for corporate responsibility.

Finally, in **Chapter 5** the paper looks at how ethical values can assist boards in decision-making and to avoid conflicts of interest.

"The public has rarely been more cynical about big business; trust is at an all-time low. I therefore welcome this excellent report by the Institute of Business Ethics as a very helpful contribution to the debate on rebuilding trust in British enterprise."

Sir Winfried Bischoff
Chairman, Financial Reporting Council



Ethics, Risk & Governance by Peter Montagnon is available from

<http://www.ibe.org.uk/list-of-publications/67/47#pub2154>

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