



# APO news

## Second APO mission to the UK: risk management and corporate governance

**T**he second APO study mission to the UK on Risk Management and Corporate Governance took place 25–29 September 2006. Eighteen participants from 13 APO member countries, representing chambers of commerce; companies from sectors as diverse as agribusiness, telecoms, textiles, and banking; NPOs; and government officials attended to learn from the best practices in the UK. The week-long mission was developed by Arif Zaman of Henley Management College in association with the Commonwealth Business Council.


The first half of the mission focused on corporate governance in meetings with senior executives of Glaxo Smith Kline; the chairman of Shell UK and head of Shell's Energy team; the investment team of leading institutional investor, Hermes Pensions Management Limited; and the head of Corporate Governance and Risk Management at the world's largest accounting body, the Association of Chartered Certified Accountants, which hosted the delegation for lunch at its historic Lincoln's Inn Fields headquarters.



*Presentation on the Risk Commission at the Royal Society of Arts in London*

During the second half, the focus shifted to risk management, with opportunities to meet representatives of the British Standards Institution, Institute of Risk Management, Business Continuity Institute, and Association of Insurance and Risk Managers. A visit to the Risk Commission at the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) helped to bridge issues of risk management in the public and private sectors. Participants also engaged in a discussion forum on Life-long Learning at the RSA.

The study mission clarified the linkage between corporate governance and performance. Good corporate governance leads to better business performance, and effective boards of directors also contribute directly to better governance, results, and productivity. Corporate governance is not simply about balancing the rights of those with an interest in company performance, but also concerns information flows and decision making within a firm; an effective board is as much about encouraging and establishing appropriate behavior and relationships within and outside the board as it is about formal structures.

It was noted that risk management and corporate governance are imperatives for business. A new British Standard on Business Continuity will be introduced in 2007, and mission members were also informed of the international standard on risk management being drafted by the ISO for introduction by 2009 and another standard on social responsibility, which will cover ethics and sustainable development. Since corporate governance will be codified at the global level, it will remain on the agenda of governments, businesses, and the APO for the foreseeable future. 

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