Corporate Governance

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Outline

1. Corporate Governance and Corporate Social Responsibility
2. Green Paper on CG - Main principles
3. Rana Plaza example
4. “Doing the right thing – The Severn Trent way” (excellent CG and CSR example)
Corporate Governance

- is the system by which companies are directed and controlled
- shareholders: appoint directors and auditors
- board of directors:
  - Setting the company’s strategic aims, supervising the management of the business
- against harmful short-termism and excessive risk-taking
Corporate Social Responsibility

- the commission puts forward a new definition of CSR as “the responsibility of enterprises for their impacts on society”...
- maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large
- identifying, preventing and mitigating their possible adverse impacts
Corporate Social Responsibility

• goal of CG & CSR is sustainable development
  Sustainable development = a balanced development without violent crises

• CG & CSR is needed for sustainable development (of the organization and the world)
Green Paper on CG – Main Principles

- document published by the European Commission
- discussion on given topics
- the EU corporate governance Framework includes three areas:
  - the board of directors
  - shareholders
  - how to apply the 'comply or explain' approach which underpins the EU corporate governance Framework
Green Paper on CG – Main Principles

• boards of directors
  • main issue: board composition
  • necessary: professional, international and gender diversity

• shareholders
  • main issue: the involvement of majority and minority stakeholders

• the `comply or explain framework`
  • main issue: insufficient explanation by companies in the situation of departing from a principle of the CG-code
Rana Plaza

• commercial building in Bangladesh which collapsed on 24th April 2013
• cracks in the wall were discovered the day before
• only the garment workers were ordered to work the next day
• many politicians of Bangladesh have garment businesses - policymakers are part of this profit-making business
Rana Plaza

- unsafe working conditions
- absence of basic workplace health and safety standards
- workers become victims of systematic human rights violations
Rana Plaza

- Primark
- kik TEXTIL-DISKONT
- C&A
- Walmart
- NKD
- The Children's Place
- Mango
- ADLER
- United Colors of Benetton
- Auchan
- Yes-Zee
CSR: “Doing the right thing – The Severn Trent way”

- keeping everyone healthy and safe
- supporting employees’ rights and diversity
- maintaining ethical and honest behavior
- staying free from bribery and corruption
- keeping their communications open and responsible
CSR: “Doing the right thing – The Severn Trent way”

• delivering excellent customer service
• working within the community
• standing up for what is right
• protecting their environment
CG: “Doing the right thing – The Severn Trent way”

• board members:
  • non-executive chairman
  • 5 executive directors
  • 7 independent non-executive directors

• board meetings:
  • regularly scheduled meetings throughout the year
CG: “Doing the right thing – The Severn Trent way”

- ‘Code of Conduct` supported by 15 Severn Trent group policies
- continuing professional development
- performance and effectiveness reviews
- four committees – nomination, audit, remuneration and CSR committees
and a special thank you goes to our lecturer
Grazyna O‘Sullivan