

# DIRECTORS' DUTIES IN THE UK - THE RISE OF THE STAKEHOLDER?

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Legal Briefings - By **Gareth Sykes**

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There has in recent years been a renewed focus on the role of business in society in the UK. Factors contributing to this have included the continuing, and long-standing, concern about the levels of executive pay and a number of well-publicised corporate failures. The behaviour and transparency of large businesses in the UK, including listed companies and privately held businesses, has come under particular scrutiny, with the debate focussing on how those companies should take into account the interests of their wider stakeholders (including the workforce, customers and suppliers), rather than simply be run in a way that is perceived to favour only shareholders.

It is clear from the “enlightened shareholder value” concept contained in section 172 of the Companies Act 2006 (the “**2006 Act**”) that a director’s core duty is to the company’s members and that directors are only required to “have regard” to the stakeholder matters. However, pressure from politicians, society at large and investors have led to a number of developments which seek to encourage directors to consider this duty and stakeholder matters more carefully.



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## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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