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Wednesday 13 September 2023

Dear FRC colleagues,

UK Corporate Governance Code Consultation

We welcome the opportunity to respond to your consultation on the UK Corporate Governance Code.

The Quoted Companies Alliance (QCA) *Corporate Governance Expert Group* has examined the proposals and advised on this response from the viewpoint of small and mid-sized quoted companies. A list of Expert Group members can be found in Appendix A.

The QCA is a strong believer in companies achieving effective corporate governance in that it encourages long-term, sustainable growth and value creation for shareholders. To us, a crucial part of good corporate governance is about companies effectively communicating with their shareholders and other stakeholders in a transparent manner and explaining what their corporate governance arrangements are, and why these are appropriate for the business and its long-term, sustainable growth.

In this light, the QCA Corporate Governance Code (QCA Code) has become a valuable tool for growing companies wishing to follow good governance practice. As we highlighted in a recent report[1], its level of adoption is broadly in line with that of the UK Code, and provides companies and their directors with a flexible, principles-based and outcome-oriented approach to governance.

We acknowledge that developments within the capital markets space and in corporate governance expectations naturally evolve over time, with this necessitating occasional revisions to and modifications of codes, good practice guidance and reports. Taking this into account, the QCA Code is currently undergoing a revision, and we also accept that it is important that the FRC do the same with the UK Code.

However, we believe that many of the proposed changes to the UK Corporate Governance Code (UK Code) have the potential to be problematic. Our primary reasoning for this is that the proposed changes do not

[1] QCA, 2023, The QCA Corporate Governance Code: Good governance, growing influence, available at: https://www.theqca.com/news/briefs/570806/good-governance-and-growing-influence.thtml

appear to have been considered within the context of the current climate, and the considerable and concerning decline in use of our public markets.

This year, a total of 89 companies have left the UK's Main Market (48) and AIM (41), and there have only been 16 IPOs across these two markets[2]. This means a net loss of 73 companies, and a continuation of the worrying de-equitisation trend whereby year-on-year the number of companies continues to fall at an alarming rate. Significant contributory factors in this trend are the burdens and costs faced by these quoted companies having a disproportionately high impact. Not only this, but the level of requirements are such that companies, and the directors that manage them, have limited time to focus on the growth and development of their companies in order to ensure that they are compliant with the applicable legislation and regulation, with corporate reporting requirements being a part of this. These factors, along with wider issues, can often be considered to outweigh the benefits of being on a public market.

The Government has recognised this, and there are numerous reforms currently in train to reinvigorate the UK's public equity markets aimed at reducing burdens, boosting listings, and stimulating investment. Of particular note in this context, is the Department for Business and Trade's recent call for evidence on non-financial reporting, which aims to reduce reporting burdens and ultimately drive economic growth. This appears to be in direct contrast to this consultation that will likely add to the reporting burdens faced by companies applying the UK Code.

We recognise that the catalyst for the revision to the UK Code was the Government's response to the 'Restoring trust in audit and corporate governance' consultation, published in May 2022. Many of the changes proposed in this consultation, however, go beyond what the Government's response requires, and have an additive effect, rather than removing burdens or duplication. It is our view, along with those of many of our members, that the proposed changes go too far and could have a detrimental impact on our markets. In particular, the additional costs and burdens that may be encountered could be a contributory factor in dissuading companies and directors to remain on public markets and on the boards of public companies, respectively.

In particular, our key concerns relate to the following areas:

- the likelihood for a number of the proposed changes to lead to additional and potentially boilerplate disclosures that do not add value for stakeholders and duplicate other requirements already in place;
- a focus on specific environmental and social factors, potentially to the detriment of others and directors' duties to have regard to other relevant matters when making decisions;
- the introduction of additional requirements through Principles that must be applied, rather than Provisions against which companies may comply or explain; and
- a lack of proportionality given the broad spectrum of companies which apply the UK Code (including smaller companies with fewer resources).

If you would like to discuss our response in more detail, please do not hesitate to contact us.

Yours sincerely,

[2] Source: LSE website, Issuers and Instruments Reports, as of end of August 2023

James Ashton

James Ashton
Chief Executive

Section 1 – Board leadership and company purpose

Q1 Do you agree that the changes to Principle D in Section 1 of the Code will deliver more outcomes-based reporting?

Overall, we consider that reporting on outcomes is beneficial as it allows companies to demonstrate the impact of their governance activities and practices. This will help to ensure that companies are meeting the needs and expectations of their shareholders.

However, we believe that companies should only be required to report on outcomes of a significant or meaningful nature. This would help to ensure that disclosures on outcomes are only made if they are worthwhile. A situation should not arise whereby companies are forced to make disclosures on outcomes on anything and everything or where a practice of 'boilerplate' disclosures develops which do not add value for stakeholders.

We also note that the changes require reporting on how the "Code", and not just its Principles, have been applied. This would appear to go much further than the requirements of the Listing Rules and require explanations where Provisions have been complied with, rather than only where they have not; i.e. moving away from the current comply *or* explain approach and adding a significant additional disclosure burden.

We suggest that the FRC should issue guidance on what exactly is meant by outcomes-based reporting and how it translates in practice. The FRC should also provide some indication of what key outcomes are in order for companies to more accurately identify what to report on.

Q2 Do you think the board should report on the company's climate ambitions and transition planning, in the context of its strategy, as well as the surrounding governance?

No – we do not believe that companies should be required to report on their climate ambitions and transition planning within the Code. There are already multiple overlapping requirements around climate impact and transition planning that companies have to adhere to. These exist within legislation, regulation, and best practice guidance already. This creates significant difficulties for companies in ensuring they are compliant with different reporting frameworks and legal obligations.

Moreover, the Transition Plan Taskforce (TPT) is currently drafting its disclosure framework and the FCA is due to consult on TPT-aligned disclosure for listed companies around the adoption of ISSB sustainability standards (S1 and S2).

It should also be noted that accurately expressing climate ambitions and transition planning is inherently difficult for smaller companies, who typically have more limited resources. Given this, and the duplicative nature of this proposal overlapping with other, pre-existing requirements, we do not consider that this is a proportionate requirement and should not be taken forward.

We also note that climate ambitions and transition planning are just two of a broad range of factors directors must take into account, and highlighting them in particular and in precedence to other factors would mean that the Code may not be aligned with directors' duties. Should certain factors be drawn out, it should be clear that they are some of a number of potentially relevant matters, and which are most important to a particular company and decision will be a matter for the directors.

Q3 Do you have any comments on the other changes proposed to Section 1?

Yes – we believe that the general emphasis on companies embedding culture is welcome, as it is an important area for companies to address.

Regarding Provision 3, we believe that the change to require committee chairs to "engage" with shareholders on significant matters, as opposed to the original wording to "seek engagement" is troublesome and should be reversed. For many companies, and in particular smaller companies, it can be challenging to get shareholders to engage. We therefore believe that the original wording should be retained.

Section 2 – Division of responsibilities

Q4 Do you agree with the proposed change to Code Principle K (in Section 3 of the Code), which makes the issue of significant external commitments an explicit part of board performance reviews?

On the proposed changes to Principle K, we believe that this needs additional clarification and that there needs to be consistency within the Code. Provision 15 refers to "all significant director appointments" being listed in the annual report, whereas Principle K refers to "each director's commitments to other organisations". It is, therefore, unclear whether Principle K is meant to cover all significant director appointments (as in Provision 15), or something more. It is important that the language here is consistent if it is intended to be the same, or that "commitments to other organisations" is clarified.

In addition to these comments, we would also like to raise a general point around the increasing workloads and responsibilities for the board, and in particular the members of audit committees, in relation to the increases in legislative and Code requirements. This could have an adverse effect on the willingness of individuals to take on non-executive directorships.

Q5 Do you agree with the proposed change to Code Provision 15, which is designed to encourage greater transparency on directors' commitments to other organisations?

No – we do not agree with the proposed change to Provision 15. While the FRC makes it clear that it is not suggesting a cap on the number of directorships an individual takes on, having to provide a list of appointments to other organisations as well as describing how directors have time to undertake their role is not welcomed. This will prove to be generally unhelpful for companies in a number of ways. Firstly, it is difficult to see how companies can provide meaningful disclosures when describing how directors have sufficient time to undertake their roles. There are also concerns in relation to sensitivities around descriptions of actions in respect of other appointments considered and either taken up or not taken up or by directors as a result of assessments. This will likely lead to high-level and boilerplate disclosures that add little value for investors and other users of reports. Secondly, the new requirements are likely to be an issue for companies when dealing with proxy advisers and their guidelines on numbers of directorships.

We believe that individuals being on multiple boards helps to bring diversity of thought to the boardroom, and these changes have the potential to hinder this. It is likely there will be undue focus on the number, rather than meaningful consideration of the commitment required for, other appointments.

Section 3 – Composition, succession and evaluation

Q6 Do you consider that the proposals outlined effectively strengthen and support existing regulations in this area, without introducing duplication?

No – we do not consider that the proposals outlined strengthen and support existing regulations.

The QCA believes that diversity is a matter of great importance and can help to prevent groupthink, facilitate more effective decision-making, allow better utilisation of the talent pool, and improve corporate reputation. However, the proposed changes to this section of the Code as regards diversity measures and reporting are covered by the Listing Rules and the Companies Act 2006. This means that they are duplicative, and it is unclear why they need to be included in the Code. The current reporting landscape is already complex, with multiple, over-lapping requirements, and the proposed changes will only add to this and make it more difficult for companies to comply with these requirements.

Q7 Do you support the changes to Principle I moving away from a list of diversity characteristics to the proposed approach which aims to capture wider characteristics of diversity?

Broadly, we agree with the proposed changes to Principle I, and believe it is the correct approach to not list all protected and non-protected characteristics. However, we believe that incorporating specific reference of the need to promote diversity and inclusion of protected and non-protected characteristics may be difficult for certain companies, and in particular smaller companies who typically have smaller boards and fewer individuals in senior management positions.

We also query whether reference to the English law concept of "protected characteristics" will be helpful for all companies, and suggest that an explanation of what is expected in relation to protected and non-protected characteristics should be provided and how, for example, social and educational background should be considered in that context (noting the removal of reference to "social" backgrounds).

Q8 Do you support the changes to Provision 24 and do they offer a transparent approach to reporting on succession planning and senior appointments?

The QCA recognises that transparency around succession planning is an important area for companies to address and report on. We also recognise that, as the FRC highlights, reporting in this area has not always been of a high standard.

However, the proposed changes to Provision 24 to introduce more granular requirements for the nomination committee's reporting in the annual report might be difficult for companies to address in practice. In this light, the FRC should seek to provide guidance on what exactly it is they are looking for. We also note that there are existing requirements under the Companies Act 2006 and the Listing Rules which cover disclosures relating to gender, and that it may be more appropriate to keep references to diversity more broadly and not focus on any particular element of diversity.

Q9 Do you support the proposed adoption of the CGI recommendations as set out above, and are there particular areas you would like to see covered in guidance in addition to those set out by CGI?

On balance, we support the proposed adoption of most of the elements of the CGI recommendations. In particular, we welcome the change in language to move away from "board evaluation" to "board performance review".

That being said, we would make the point that in order to effectively undertake a performance review, a set of board member objectives need to be set out and referred to. It does not appear that this is sufficiently covered in the CGI's recommendations.

As an additional point, we disagree with the change to Provision 22 to state that "the chair should commission a regular externally facilitated board performance review". We believe that, given the practical issues with the availability of organisations that carry out such reviews, the original language to "consider having" an externally facilitated review should be kept.

Section 4 – Audit, risk and internal control

We have a general comment to raise regarding the sequencing of the heading, which we believe should be "Risk, internal control and audit", as this is how it works in practice.

Q10 Do you agree that all Code companies should prepare an Audit and Assurance Policy, on a 'comply or explain' basis?

No – we strongly disagree with the proposal that all companies following the UK Code should be required to prepare an Audit and Assurance Policy (AAP) on a 'comply or explain' basis. The legislation that will bring in the requirement to prepare an AAP will apply to large Public Interest Entities (PIEs) only. We consider that this is proportionate, and that companies with over £750 million turnover and 750 employees should, due to their significant size, be required to prepare an AAP. It is not proportionate to require companies below this threshold to produce an AAP.

Furthermore, the AAP was one of many areas of particular concern in the Government's consultation on 'Restoring trust in audit and corporate governance'. We considered that, at the time of the Government's response, the outcome to restrict the AAP to large PIEs was appropriate given this breadth of concern. It is unclear why the FRC would seek to reverse this.

We also noted in our response to the Government's consultation at the time that investors rarely speak to audit committee chairs about the accounts preparation process or assurance. We also asked investors if the proposal for an AAP would result in meaningful disclosures, with 88% of the investors surveyed stating that they believed the AAP would lead to boilerplate statements[3]. We do not believe therefore that this is a particular area of concern to investors and changes in this area will not result in the improvements to investor confidence that the FRC is seeking to achieve.

Finally, any argument to suggest that there is flexibility for companies as the requirement to prepare an AAP is on a 'comply or explain' basis does not work in practice due to how certain market participants, such as proxy advisers, respond to areas of non-compliance and their unwillingness or reluctance to give adequate consideration to the explain elements of disclosures.

[3] QCA/YouGov survey, BEIS consultation on audit and corporate governance reform, available at: https://www.theqca.com/article_assets/articledir_654/327381/qca%20beis%20audit%20reform%20survey%20findings%20fv_asset_60e6ac34a9105.pdf

We also note that there are various issues arising out of the detailed changes to the Provisions, some of which we have noted in our answer to Question 13.

Q11 Do you agree that amending Provisions 25 and 26 and referring Code companies to the Minimum Standard for Audit Committees is an effective way of removing duplication?

While we agree that amending Provisions 25 and 26 in order to refer companies following the Code to the Minimum Standard for Audit Committees will remove duplication for the two sections (although some Provisions are duplicative of matters covered within the Standard), referring to the Standard will result in significantly increased expectations on audit committees of companies that apply the Code, and not just those within the FTSE 350 for which the Standard has been produced.

As a result, we believe that Provisions 25 and 26 should remain in the Code so that companies can apply these provisions, and only if the company in question is a constituent of the FTSE 350 should they refer to the expanded Standard.

Q12 Do you agree that the remit of audit committees should be expanded to include narrative reporting, including sustainability reporting, and where appropriate ESG metrics, where such matters are not reserved for the board?

No – we do not believe that the remit of audit committees should be formally expanded on in the Code to include narrative reporting, including sustainability reporting and ESG metrics. The quality of reporting should be the responsibility of the board as a whole, with the audit committee reviewing reports and disclosures and making recommendations to the board.

We recognise that audit committees are increasingly focussed on, and being given responsibility for, wider corporate disclosures, including around the quality and robustness of environmental, social and governance (ESG) and sustainability disclosures. However, while this is the case for some, it does not reflect the processes and practices of many companies. For some companies the responsibility will lie with the risk committee, others will establish a dedicated ESG and/or sustainability committee, while others will use management teams or seek external experts. As a result of this, we consider that companies should be able to decide for themselves as to what the best approach is for overseeing their ESG processes and disclosures.

Furthermore, we would also like to raise a general comment that the proposed additions added to Provisions 26 and 27 are considerable and will significantly enlarge the burdens faced by audit committees.

In addition, and as noted in our response to Question 2, there are a broad range of factors directors must take into account, and highlighting ESG metrics in particular and in precedence to other factors would mean that the Code may not be aligned with directors' duties and the board's own assessment of what areas are sufficiently material to seek assurance.

Q13 Do you agree that the proposed amendments to the Code strike the right balance in terms of strengthening risk management and internal controls systems in a proportionate way?

No – we consider that the proposed amendments to the Code with respect to risk management and internal controls will have a disproportionate and costly impact on companies, and in particular, the small and mid-cap companies that follow the Code. The proposed amendments represent significant additional requirements and thus burdens for the board and audit committee.

In particular, we have concerns with the following proposals:

- Some of the suggested roles are inappropriate for a committee of non-executive directors, such as "implementing" policy, which is of a more executive/managerial nature.

- The suggestion that part of the role of the audit committee should be to promote effective competition in the audit industry is not appropriate and may be contrary to the directors' duty to promote the success of the company.

- The proposed changes to Principle N go further than Listing Principle 1 which requires the board to 'establish and maintain adequate procedures, systems and controls' to requiring the board to 'establish and maintain an effective risk management and internal control framework'. Effective is presumably a higher standard than currently required under Listing Principle 1, which refers to "adequate" controls, and would be more difficult to effectively report against; and further reporting up to the date of the report would also be impracticable. In addition, these proposed changes are likely to result in the need for additional external assurance, which will likely result in considerable increases in costs for companies, both internally and externally.

- Provision 30, which is amended to delete the reference to 'financial' controls and instead include 'operational, reporting and compliance controls', is much broader and will require companies to also cover all of their narrative reporting. This will add significantly to the responsibilities of the board and audit committee.

- Provision 30, and the need for the board to include a declaration stating the effectiveness of the risk management framework and internal control systems as well as the need to describe any material weaknesses or failures and how they have been remedied. This will potentially increase the burdens faced by the board in having to continually assess the effectiveness of the company's systems, and result in increased costs faced by the company. If this is to be taken forward, it should also be stressed that the board should only be required to report on the weaknesses it identifies as material to the company and have a significant impact on their strategy and operations.

If these requirements are to be introduced within the Code, we strongly urge the FRC to conduct an impact assessment on the likely cost of these additional requirements to companies before they are implemented. Upon conducting an impact assessment, appropriate and proportionate amendments can be made to the proposed requirements to ensure that their impact does not result in disproportionate outcomes for companies.

Q14 Should the board's declaration be based on continuous monitoring throughout the reporting period up to the date of the annual report, or should it be based on the date of the balance sheet?

Any declaration, if required, should be as at the date of the balance sheet, as it would be impracticable and add considerable additional burdens upon the company to monitor from the balance sheet date and reflect that within the annual report with no cut-off date to allow assessment, assurance and finalisation of the relevant sections.

Q15 Where controls are referenced in the Code, should 'financial' be changed to 'reporting' to capture controls on narrative as well as financial reporting, or should reporting be limited to controls over financial reporting?

We have concerns that the removal of the reference to "financial" to replace it with "reporting" will result in additional burdens and costs for companies. We do, however, recognise that focus should not be solely on financial controls, particularly given that new reporting areas are coming to the fore and there needs to be controls around these areas to ensure that reporting is accurate and consistent, but also proportionate.

We believe that controls should only encapsulate narrative reporting where the information is material. As highlighted in our response to Q13 above, the deletion of the reference to financial controls to include all reporting will significantly widen the burden and costs for companies.

Q16 To what extent should the guidance set out examples of methodologies or frameworks for the review of the effectiveness of risk management and internal controls systems?

While we do not believe the proposals should be taken forward as they are currently drafted, we do consider that if they are, additional guidance for companies will be important. It is essential that any examples of methodologies or frameworks set out in the guidance are proportionate and take into account the size and complexity of companies and their ability to follow the methodologies and/or frameworks. Additionally, it is important to support flexibility and avoid being too prescriptive.

Moreover, we would suggest that the FRC updates its risk and control guidance which currently dates back to 2014.

Q17 Do you have any proposals regarding the definitional issues, e.g. what constitutes an effective risk management and internal controls system or a material weakness?

In terms of what constitutes the materiality of controls and weaknesses, this should be determined by the board of the company, as they are best placed to do so. It should not be for the FRC to determine what constitutes material controls and weaknesses as they will differ on a company-by-company basis. We would also repeat here that "adequacy" is a more appropriate standard than "effectiveness", and avoids the related additional burdens and confusion between the UK Code and Listing Principles, as set out in our answer to Question 13.

Q18 Are there any other areas in relation to risk management and internal controls which you would like to see covered in guidance?

As noted in our responses to Questions 2 and 12, we do not think that sustainability matters should be referenced to the exclusion of other matters.

Q19 Do you agree that current Provision 30, which requires companies to state whether they are adopting a going concern basis of accounting, should be retained to keep this reporting together with reporting on prospects in the next Provision, and to achieve consistency across the Code for all companies (not just PIEs)?

Yes – we agree with this approach.

Q20 Do you agree that all Code companies should continue to report on their future prospects?

Firstly, and prior to answering the question, we do not believe that all companies applying the Code should be required to prepare a Resilience Statement on a 'comply or explain' basis. As highlighted in our response to Q10 on the AAP, the legislation that will bring in the requirement to prepare a Resilience Statement will apply to large PIEs only, which we consider to be proportionate. It would not be proportionate to require companies below this threshold to produce a Resilience Statement.

Regarding the question as to whether all Code companies should continue to report on their future prospects, we are aware that this is an area of interest to investors and that information on this plays an important role in their decision-making. As such, we believe that reporting on future prospects is important.

Q21 Do you agree that the proposed revisions to the Code provide sufficient flexibility for non-PIE Code companies to report on their future prospects?

We believe that the FRC should insert some specific language that the board should report in a proportionate way on their future prospects to make it clearer that non-PIE companies who do not have to prepare a Resilience Statement have sufficient flexibility. The UK Code should also avoid referring to Companies Act 2006 provisions which will not apply to all companies and ensure it is clear for smaller and international companies what the requirements are.

Section 5 – Remuneration

Q22 Do the proposed revisions strengthen the links between remuneration policy and corporate performance?

Overall, we have limited concerns about the proposed changes in the new Principles O or Q, with regards to the overarching expectations of directors' remuneration policies and reference to company and workforce pay and conditions, respectively, except to note that making such changes to Principles, rather than Provisions, may be unduly inflexible and as drafted it is unclear which elements apply to executive directors vs senior management and the wider workforce (and we note that companies may not be able to compare against a homogenous 'workforce' due to jurisdictional variations).

However, we have some concerns in relation to the new Principle P. We believe that it is likely that the requirement to align remuneration outcomes with the company's values will result in vague disclosures that add little value. It is likely that the level of reporting against this will be high-level and boilerplate, thus being of little benefit to users. Together with Provision 34, there is an implication that a policy can ensure outcomes, whereas it actually provides a framework that should be aligned to strategy, for instance, but cannot ensure outcomes.

Furthermore, the reference to remuneration outcomes being aligned to the successful delivery of ESG objectives implies that compliance will require the remuneration committee to include explicit ESG targets within incentive schemes. While some already do this, many Remuneration Committees do not, and do not believe it is appropriate for their specific circumstances. Therefore, the FRC should clarify that it does not expect that all incentive schemes should include such targets. Doing so would present a major issue for many remuneration committees.

Instead, we believe that individual companies should decide for themselves which aspects of their strategy are linked to remuneration outcomes.

It should also be considered whether an implementation period and application of proportionality would be appropriate where changes are required to remuneration policies to comply with the UK Code, in particular given the various changes to the Principles, which must be applied by all companies subject to the UK Code.

Q23 Do you agree that the proposed reporting changes around malus and clawback will result in an improvement in transparency?

No – we do not believe that the proposed reporting changes around malus and clawback will result in a material improvement in transparency and the levels of information being provided. Many remuneration reports, and particularly for those produced by companies on the Main Market of the LSE, already include detail on their malus and clawback arrangements. This detail is often in respect of the circumstances in which these provisions could be used and the period over which they apply. Therefore, and while the proposed changes do require some extra detail to be disclosed, they will not lead to materially greater levels of information being issued.

We believe that the wording contained in the new Provision 40 neds to be clarified in order to make specific reference to directors' pay. We also consider that the 5-year lookback period is unnecessary, particularly as when the provisions are exercised they are included within the annual report.

In relation to Provision 39, the reference to 'director contracts and/or other agreements or documents which cover director remuneration' is crucial and should be clarified (e.g. to refer to remuneration schemes and policies). Typically, malus and clawback provisions are included in detail in incentive scheme rules and directors' remuneration policies rather than necessarily in the directors' service contracts, so it is important that companies are not prescribed to include these in one place. It would be unnecessary to expect service contracts to be revised in order to add these provisions. The key focus should be the enforceability of malus and clawback provisions, which requires the incentive scheme rules and the remuneration policy to be clear and aligned.

Q24 Do you agree with the proposed changes to Provisions 40 and 41?

Yes – we agree with the removal of the current Provision 40 and the related reporting requirements in the current Provision 41. On the whole, reporting against these elements is boilerplate and uninformative, as well as being of little value to investors. Moreover, there is some overlap between the current Provision 41 and the legal reporting regulations on directors' remuneration.

Regarding the changes to the current Provision 41 (amended Provision 43), we welcome the simplification and/or deletion of the particular elements within the Provision. However, regarding the first element, the FRC should clarify that it does not expect for remuneration committees to adopt ESG targets for all incentive schemes, and that there are other factors that should be addressed (such as those set out in the current Provision 40).

In addition, as set out in our answer to Question 23, it should be clarified that the provisions are intended to apply to directors' remuneration, and in particular executive (and not non-executive) directors.

Q25 Should the reference to pay gaps and pay ratios be removed, or strengthened?

We believe that the reference to pay gaps and pay ratios should be removed. Removing the references will help to simplify the reporting requirements and reduce the potential duplication with the legislative requirements on gender pay gap reporting and CEO pay ratio reporting.

Other matters for consideration

Q26 Are there any areas of the Code which you consider require amendment or additional guidance, in support of the Government's White Paper on artificial intelligence?

We do not think that the Code is an appropriate place to focus on particular areas in isolation to the exclusion of others that may be part of board decisions, though developments should be kept under review.

Appendix A

The Quoted Companies Alliance *Corporate Governance Expert Group*

Will Pomroy (Chair)	Hermes Investment Management Limited
Anthony Appleton	BDO LLP
Aisling Arthur	Travers Smith LLP
Edward Beale	Western Selection PLC
Nigel Brown	Gateley PLC
Amanda Cantwell	Practical Law
Richie Clark	Fox Williams LLP
Louis Cooper	Non-Executive Directors Association (NEDA)
Madeleine Cordes	Prism Cosec
Edward Craft	Wedlake Bell LLP
Ed Davies	LexisNexis
Tamsin Dow	Hogan Lovells International LLP
Caroline Emmet	Link Group
David Fuller	CLS Holdings PLC
Nigel Gordon	Fladgate LLP
Ian Greenwood	Korn Ferry
David Hicks	Simmons & Simmons LLP
Kate Higgins	Mishcon De Reya
Tyler Johnson-Cloherty	CLS Holdings PLC
Kam Lally	Wedlake Bell LLP
Darius Lewington	LexisNexis
Paul Norris	MM & K Limited
Laura Nuttall	One Advisory Group Ltd
Daniel Redman	Design Portfolio
Jack Shepherd	CMS
Julie Stanbrook	Slaughter and May LLP
Chris Taylor	Young & Co’s Brewery Plc
Camelia Thomas	Practical Law Company Limited
Sanjeev Verma	Maddox Legal
Melanie Wadsworth	Faegre Baker Daniels LLP
Sarah Wild	Practical Law Company Limited
Joan Yu	Armstrong Teasdale
Shaun Zulafqar	Shakespeare Martineau LLP