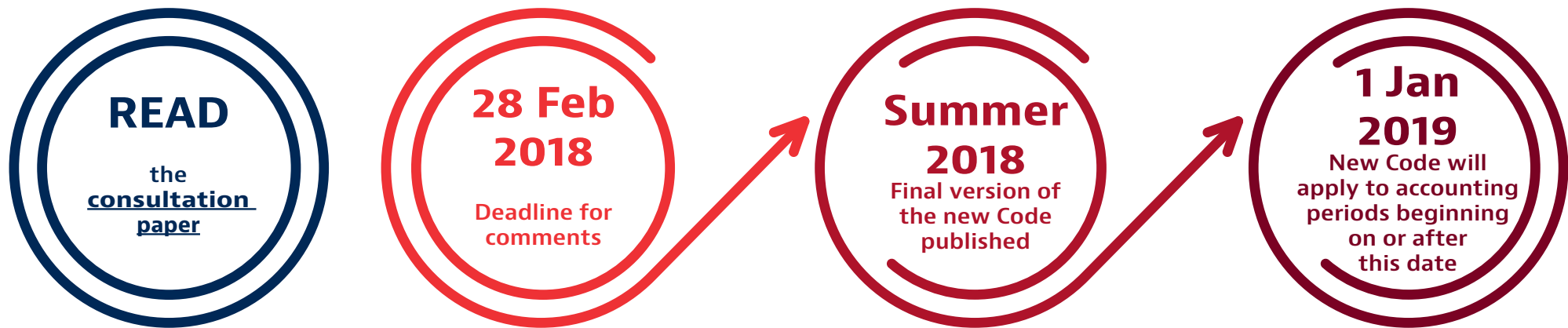


Corporate Governance Code Reforms

The Financial Reporting Council (FRC) has published its eagerly awaited proposals to reform the 2016 edition of the Corporate Governance Code and the consultation process is now underway.

The FRC's proposals (summarised in more detail [here](#)) include new requirements to:

- establish a method for gathering the views of the whole workforce (this is broader than "employees"), which will normally be achieved by having: (1) a director from the workforce; (2) a formal workforce advisory panel; or (3) a designated NED;
- provide an update to the market no later than 6 months after a significant vote against a resolution (meaning more than 20%) and to provide a final summary in the annual report, or in the notes to resolutions put forward at the next general meeting;
- include a description of the gender balance of those in senior management and their direct reports in the annual report and for the nomination committee to explain what actions it has taken to oversee the development of a diverse (considering gender, social and ethnic backgrounds, cognitive and personal strengths) pipeline for future board and senior management appointments;
- expand the remit of the Rem Com to cover overseeing company remuneration and wider workforce policies and practices (albeit the FRC note this would involve a greater time commitment and may involve delegation to other committees);
- ensure Rem Com chairs have served on a Rem Com for at least 12 months on appointment; and
- have minimum holding and vesting periods for executive share awards of 5 years (up from 3 years).



Three steps to take today:

- 1 Review your existing mechanisms for engaging with your workforce and canvass your investors on the 3 options. If designating a NED for this, consider who will take this role and what it will mean for them.
- 2 Consider how the Rem Com and the Nom Com will approach their expanded remits, and what support they will need from the other teams, e.g. HR.
- 3 Involve your company secretary, HR and corporate governance team.

More information:

Updates to the Corporate Governance Code are just one aspect of the Government's proposed corporate governance reforms. Find out more by:

- speaking to your Baker McKenzie **contacts**;
- joining our mailing list and/or coming along to one of our Listed Company events. Get in touch **here** to find out more; and
- reading our related **content**.