

In 2018, the Government introduced reforms that require very large private companies to report on their corporate governance arrangements.

Recognizing the significant social and economic impact that very large organisations have, we surveyed GCs, senior lawyers and Company Secretaries from 200 affected companies - including both privately held companies and wholly owned subsidiaries of listed companies - to understand how prepared they are to implement the changes.

While the majority of respondents believe in the benefits of better corporate governance for large private companies, most have expressed significant implementation concerns regarding it. They have also expressed concerns that failure to prepare a compelling corporate governance statement could lead to reputational damage impacting on talent recruitment & retention, supplier, customer and other stakeholder relationships and ultimately undermine their potential for long term success.

The new corporate governance reporting requirements and the introduction of the Wates Principles are certainly an important step-change for big private companies that have a significant social and economic impact. Our research, however, highlights the extent to which companies are still grappling with how to implement the reforms, notwithstanding that the reforms came into effect on 1 January 2019.



Beatriz Araujo, Corporate Partner

Sectors surveyed include



Industrial & Automotive



Consumer Goods



Energy & Infrastructure



Financial Services



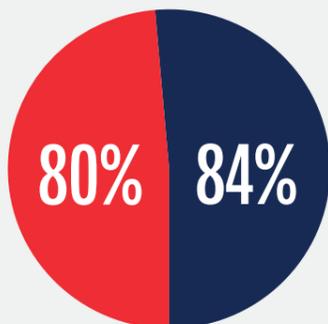
Healthcare & Life Services



Technology, Media & Telecommunication

Board Support

say that good corporate governance is a priority for their board



80%

84%

believe better corporate governance can help prevent the collapse of large private companies

Is your company ready to report?

Over three-quarters of companies seem to be on track and are working towards being compliant with the new corporate governance requirements for very large private companies.

"We are ensuring that all of the subsidiaries in the group will be compliant in the first year of reporting."

78%

"I know exactly what my company needs to do to comply with the new corporate governance requirements for very large private companies"

78%

"We intend to engage external advisors to help us meet the new corporate governance requirements for very large private companies."

77%

Implementation Challenges & Concerns

Implementation Challenges: Over one-quarter of respondents are still struggling with certain aspects of the upcoming reforms as they agree with the following statements:

"We do not have the resources available to compile and verify the information required to comply"

32%

"I worry that the new corporate governance requirements will create more unnecessary red tape for businesses"

30%

Concerns: There are a number of concerns about the ability of companies to comply with the upcoming reforms:



72%

will have difficulty compiling and verifying the information required



56%

lack a clear corporate governance framework in their organisation



50%

have limited or no budget/resources to comply with new requirements

Most companies would benefit from the following help when it comes to complying with the upcoming reforms:



80%

Developing a corporate governance framework and related policies that allow them to comply with the new requirements



80%

Understanding the format and producing the corporate governance statement in accordance with the new requirements



80%

Embedding good corporate governance into their company culture



78%

Improving their board's understanding of their legal obligations



72%

Collecting the information required to report on their existing corporate governance efforts

In 2018, the Government introduced reforms that require very large private companies to report on their corporate governance arrangements.

Recognizing the significant social and economic impact that very large organisations have, we surveyed GCs, senior lawyers and Company Secretaries from 200 affected companies – including both privately held companies and wholly owned subsidiaries of listed companies – to understand how prepared they are to implement the changes. This infographic examines the results from subsidiaries of listed companies (“list cos”).

While the majority of respondents believe in the benefits of better corporate governance for large private companies, most have expressed significant implementation concerns regarding it. They have also expressed concerns that failure to prepare a compelling corporate governance statement could lead to reputational damage impacting on talent recruitment & retention, supplier, customer and other stakeholder relationships and ultimately undermine their potential for long term success.

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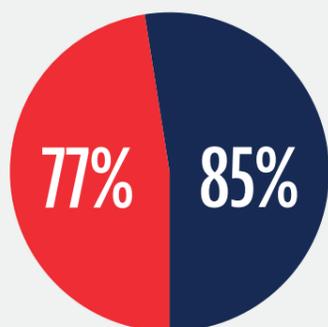
Healthcare & Life Services



Technology, Media & Telecommunication

Board Support

of subsidiaries of list cos say that good corporate governance is a priority for their board



of subsidiaries of list cos believe better corporate governance can help prevent the collapse of large private companies

Is your company ready to report?

Over three-quarters of subsidiaries of list cos seem to be on track and are working towards being compliant with the new corporate governance requirements for very large private companies

“We are ensuring that all of the subsidiaries in the group will be compliant in the first year of reporting”

76%

“I know exactly what my company needs to do to comply with the new corporate governance requirements for very large private companies”

76%

“We intend to engage external advisors to help us meet the new corporate governance requirements for very large private companies”

77%

Implementation Challenges & Concerns

Implementation Challenges: Over one-quarter of respondents are still struggling with certain aspects of the upcoming reforms as they agree with the following statements:

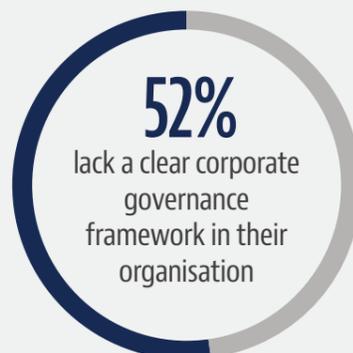
“We do not have the resources available to compile and verify the information required to comply”

38%

“I worry that the new corporate governance requirements will create more unnecessary red tape for businesses”

26%

Concerns: There are a number of concerns about the ability of subsidiaries of list cos to comply with the upcoming reforms:



Most subsidiaries of list cos would benefit from the following help when it comes to complying with the upcoming reforms:



84% Developing a corporate governance framework and related policies that allow them to comply with the new requirements



84% Understanding the format and producing the corporate governance statement in accordance with the new requirements



83% Embedding good corporate governance into their company culture



74% Improving their board's understanding of their legal obligations



72% Collecting the information required to report on their existing corporate governance efforts

In 2018, the Government introduced reforms that require very large private companies to report on their corporate governance arrangements.

Recognizing the significant social and economic impact that very large organisations have, we surveyed GCs, senior lawyers and Company Secretaries from 200 affected companies – including both privately held companies and wholly owned subsidiaries of listed companies – to understand how prepared they are to implement the changes. This infographic examines the results from privately held companies (i.e. those qualifying companies that are not subsidiaries of listed companies).

While the majority of respondents believe in the benefits of better corporate governance for large private companies, most have expressed significant implementation concerns regarding it. They have also expressed concerns that failure to prepare a compelling corporate governance statement could lead to reputational damage impacting on talent recruitment & retention, supplier, customer and other stakeholder relationships and ultimately undermine their potential for long term success.

The new corporate governance reporting requirements and the introduction of the Wates Principles are certainly an important step-change for big private companies that have a significant social and economic impact. Our research, however, highlights the extent to which companies are still grappling with how to implement the reforms, notwithstanding that the reforms came into effect on 1 January 2019.



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Industrial & Automotive



Consumer Goods



Energy & Infrastructure



Financial Services



Healthcare & Life Services



Technology, Media & Telecommunication

Board Support

of privately held companies say that good corporate governance is a priority for their board

82%

84%

of privately held companies believe better corporate governance can help prevent the collapse of large private companies

Is your company ready to report?

Over three-quarters of privately held companies seem to be on track and are working towards being compliant with the new corporate governance requirements for very large private companies

"We are ensuring that all of the subsidiaries in the group will be compliant in the first year of reporting"

80%

"I know exactly what my company needs to do to comply with the new corporate governance requirements for very large private companies"

79%

"We intend to engage external advisors to help us meet the new corporate governance requirements for very large private companies"

77%

Implementation Challenges & Concerns

Implementation Challenges: Over one-quarter of respondents are still struggling with certain aspects of the upcoming reforms as they agree with the following statements:

"We do not have the resources available to compile and verify the information required to comply"

25%

"I worry that the new corporate governance requirements will create more unnecessary red tape for businesses"

35%

Concerns: There are a number of concerns about the ability of privately held companies to comply with the upcoming reforms:

67%

will have difficulty compiling and verifying the information required

62%

lack a clear corporate governance framework in their organisation

43%

have limited or no budget/resources to comply with new requirements

Most privately held companies would benefit from the following help when it comes to complying with the upcoming reforms:



76%

Developing a corporate governance framework and related policies that allow them to comply with the new requirements



74%

Understanding the format and producing the corporate governance statement in accordance with the new requirements



75%

Embedding good corporate governance into their company culture



82%

Improving their board's understanding of their legal obligations



70%

Collecting the information required to report on their existing corporate governance efforts