



EQ BOARDROOM

Bulletin

Welcome to our monthly bulletin of what's happening within the financial services industry that will impact our EQ Boardroom clients.

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2018 UK Corporate Governance Code is published

The Financial Reporting Council (FRC) has published the new 2018 UK Corporate Governance Code (Code). The FRC's review of the Code in 2017 was set in motion by the lack of trust in big business, the Business, Energy and Industrial Strategy's (BEIS) Select Committee enquiry and the government's corporate reform programme.

This has resulted in the creation and publication of what the FRC sees as a 'shorter, sharper Code', with a simplified list of Principles and fewer provisions that requires boards and companies to apply the spirit of the Principles with flexibility through a comply or explain regime.

Whilst flexible, the emphasis focuses very much on four key areas that companies must adhere to:

- Enhanced board engagement with the workforce and wider stakeholders;
- A clear business strategy aligned with a healthy corporate company culture;
- A high-quality and diverse board composition;
- Proportionate executive remuneration that supports the long-term success of the business.

SIR WIN BISCHOFF, CHAIRMAN, FRC, SAID:

“

Corporate governance in the UK is globally respected and is a framework trusted by investors when deciding where to allocate capital. To make sure the UK moves with the times, the new Code considers economic and social issues and will help to guide the long-term success of UK businesses.

This new Code, in its new shorter and sharper form, and with its overarching theme of trust, is paramount in promoting transparency and integrity in business and for society as a whole”

Key changes from the 2016 version of the Code mirror the emphasis on what the FRC sees as the four key areas, being:

- A new Provision designed to enhance board engagement with the workforce and wider stakeholders in a bid for business to understand their views;
- Boards creating a culture aligning company values with its strategy and assess, monitor and preserve value over the long-term;

- There is an emphasis on the need to refresh boards and the nomination committee has been strengthened to deliver board evaluations on succession planning and diversity;
- Remuneration committees should take into account workforce remuneration and related policies when setting director remuneration and should apply discretion when the resulting outcome is not justified.

The 2018 Code will apply to accounting periods beginning on or after 1 January 2019 with the first reports in 2020, in line with the implementation date for the changes to corporate governance regulations recently laid before Parliament. Some companies becoming early adopters of the new Code will help the FRC to develop additional guidance or support that may be necessary. To support this the FRC intends to step up its monitoring activities, paying attention to the application of the Principles and compliance with the Provisions, including explanations by companies.

In conjunction with the publication of the new Code, the FRC released the revised version of their Guidance on Board Effectiveness which follows the structure of the Code. It primarily covers matters related to board effectiveness in Sections 1-3 and remuneration in Section 5 of the Code. The guidance is not mandatory and its aim is to 'stimulate boards' thinking on how they can carry out their role and encourage them to focus on continually improving their effectiveness.

Changes to the Guidance on Audit Committees and the Guidance on Risk Management, Internal Controls and Related and Financial Business Reporting will follow over the next few months.

A copy of the FRC's news release together with links to the following documents is available [here](#):

- UK Corporate Governance Code - July 2018
- Guidance on Board Effectiveness - July 2018
- Feedback statement: UK Corporate Governance Code
- Feedback statement annex: UK Corporate Governance Code
- Key highlights of the Code

The FRC will present the final version of the revised code at Equiniti's Share Registration Conference on Tuesday 25 September. [Book your place at the conference today.](#)

“Performance metrics – an investor perspective”

The Financial Reporting Lab (Lab) is considering the use of performance metrics in company reporting.

The Lab has published a report, “Performance metrics – an investor perspective”, looking at what performance metrics are, the metrics that investors would like to see companies use and the questions that boards should be asking about the use of metrics.

It sets out five principles for the use of metrics which should be:

- Aligned to strategy
- Transparent
- In context
- Reliable
- Consistent.

The report forms part of the Financial Reporting Lab’s project looking at performance metrics.

A copy of the report is available [here](#)

Data analysis for the 2018 AGM voting season released

The Investment Association (IA) has released an analysis of the data collected on the Public Register so far for the 2018 AGM voting season from January to June 2018.

In 2017 the Investment Association was asked to maintain a Public Register of FTSE-All share companies that have received 20% or more of votes against a resolution at an annual general meeting or general meeting.

The IA highlights the continued concern of shareholders over directors' remuneration and particularly a sharp increase in voting against the re-election of individual directors. Key statistics from the Public Register data show:

- The total number of resolutions with more than 20% or more of votes against was 140 with 94 companies added to the register. Of the 94 companies, 40 companies were added due to resolutions relating to directors' remuneration.
- There was an increase in individual director-related resolutions of 100% rising from 27 in 2017 to 54 in 2018.
- 37% of the companies added also appeared on the 2017 register.
- 14 resolutions were withdrawn.

The IA also reports that companies are responding to being placed on the Public Register with 74% of those companies affected acknowledging the dissent and setting out plans they are taking to address the issues.

The IA's press release is available [here](#).

Equiniti will be publishing its annual review of trends during the 2018 AGM season - the 2018 AGM Trends brochure, on 12 September at the AGM discussion forum and will be made available on equiniti.com



FTSE 100 board positions held by women is up to 29%

The half year report published by the Hampton-Alexander Review on FTSE board positions held by women shows that progress has been made.

Highlights from the report indicate that:

- 29% of FTSE 100 board positions are held by women, up from 12.5% in 2011 and on track to meet the 33% target by 2020.
- The number of women on boards has increased to 25.5% in FTSE 350 companies but this means that around 40% of all appointments need to go to women in the next two years for the FTSE 350 to achieve the 33% target.
- There are still 10 all male boards in the FTSE 350.

The Hampton-Alexander Review press release is available [here](#)

Employee share scheme statistics

In July, the government issued new tax-advantaged share scheme statistics covering the tax year ending April 2017. Using data from annual share scheme returns, information includes the numbers of companies using schemes, numbers of awards and options granted, values awarded, numbers of employees exercising options and estimates of the value of Income Tax and National Insurance relief received.

The figures demonstrate the continued popularity and value of share schemes with key findings showing that the total value of shares and options awarded in the 2016/17 tax year was around £3.7 billion with Income Tax and National Insurance relief at £920 million.

Further information and comments on these statistics can be found [here](#).

If you are thinking about launching a share scheme and would like further information about the Income Tax and National Insurance relief you and your employees could receive, please contact your Relationship Manager.

Takeovers and employee share plans

A corporate action will often impact not only a company's shareholders, but also employees participating in its various share plans. The event can be daunting and may result in an acceleration of decisions normally made at maturity. We have written an article looking at corporate actions, specifically takeovers, and what employees need to consider.

The article can be found [here](#)



Equiniti's 2018 Conferences

As we embark on the summer break, it's worth thinking ahead to booking your place at our conferences in September.

This year's conferences promise to be the best yet, so don't miss out and book your free place.

Equiniti Employee Services Forum

Tuesday 11 September 2018
Luton Hoo Hotel, Golf & Spa, Bedfordshire,
LU1 3TQ

[**Book your free place**](#)

THIS YEAR'S TOPICS INCLUDE:

- Executive remuneration and plan design
- Corporate governance reform, CEO pay ratios and
- Global due diligence
- Remuneration committees' responsibilities
- All-employee share plan face off: US v UK v France
- Compliance - case law and share plan rules
- Gender pay results
- Corporate actions case study
- Technology update
- Where are we with Brexit?

OUR SPEAKERS, PANELLISTS AND BREAKOUT FACILITATORS INCLUDE:

Aon Hewitt
Baker & McKenzie
Clifford Chance
Deloitte
Ernst & Young

Herbert Smith
Freehills
Linklaters
Norton Rose
Fulbright
Prism Cossec

Pinsent Masons
ProShare
PwC
Shearman &
Sterling

Tapestry
The Investment
Association
Weir Group
White & Case

Equiniti's 2018 Conferences

Share Registration Conference

Tuesday 25 September 2018

The Courthouse Hotel, Shoreditch,
335-337 Old Street, London, EC1V 9LL

[Book your free place](#)

OUR SPEAKERS AND PANELLISTS INCLUDE:

Financial Reporting Council
London Stock Exchange
GlaxoSmithKline
Dormant Asset Commission
Boudicca
Lansons

THIS YEAR'S TOPICS INCLUDE:

- Corporate Governance Code Reform
- Dormant Assets Commission
- Proxy solicitation
- Bouncing back after a scandal.

Dates for the Diary

6 SEPTEMBER – 4 OCTOBER 2018

Remuneration & Governance
Reporting Seminars

Locations include: Birmingham,
Bristol, Edinburgh, Leeds, London and
Manchester.

[Book your free place](#)

WEDNESDAY 12 SEPTEMBER 2018

AGM Discussion Forum

The Courthouse Hotel, 19-21 Great
Marlborough Street, London, W1F
7HL.

Invites will be issued shortly,
alternatively please use the link below.

[Book your free place](#)



Customer Awareness week at Equiniti

Over the past two years we've implemented a Customer Insight programme to measure your satisfaction with our performance and hear your feedback so we ensure we maintain the high standards of excellence you expect.

As part of the programme, You Told Us, We Listened,
You told us: "The call centre could be improved."
We listened: We are beginning a journey to deliver outstanding customer experience.

Part of the Chief Customer Office's (CCO) role is to raise colleague awareness of how everything we do has an impact, either directly or indirectly, on our customers and in July the CCO ran a Customer Awareness week at Equiniti.

The aim of the internal event was to raise colleague awareness and to get employees thinking about how connected our work is to our customers. This is all part of our journey as a customer centric organisation.

Each day different messages were communicated to our employees, creating a fictional Equiniti customer, talking about what great customer service looks like, looking at the treatment of vulnerable customers and our new vulnerable customer policy and how we can work together to create a positive customer experience at Equiniti.

We look forward to updating you further as our customer experience journey continues.