

**Appendix 2**  
**Requirements for disclosure – QCA Code**

In order to claim that the QCA Code has been adopted, it is necessary for a company to apply the ten principles and also to publish certain related disclosures. The nature of these disclosures, together with a recommended location for them, is set out in detail in the QCA Code and reflected in the table below.

Please note that in addition to the ten principles and corresponding disclosures set out below, the chair must also provide a clear explanation of how the company applies the QCA Code (the corporate governance statement). It is recommended that the corporate governance statement is included both in the annual report and on the company’s website (as set out in further detail at the end of the table below).

Principle / topic for disclosure	Location and nature of disclosure
<b>1. Establish a strategy and business model which promote long-term value for shareholders</b>	<b>ANNUAL REPORT &amp; ACCOUNTS DISCLOSURE</b> - explain the company’s business model and strategy, including key challenges in their execution (and how those will be addressed).
<b>2. Seek to understand and meet shareholder needs and expectations</b>	<b>WEBSITE DISCLOSURE</b> - explain the ways in which the company seeks to engage with shareholders and how successful this has been. This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.
<b>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</b>	<b>WEBSITE DISCLOSURE:</b> <ul style="list-style-type: none"> <li>• Explain how the business model identifies the key resources and relationships on which the business relies.</li> <li>• Explain how the company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products).</li> </ul>
<b>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</b>	<b>ANNUAL REPORT &amp; ACCOUNTS DISCLOSURE</b> - describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.
<b>5. Maintain the board as a well-functioning, balanced team led by the chair</b>	<b>ANNUAL REPORT &amp; ACCOUNTS DISCLOSURE:</b> <ul style="list-style-type: none"> <li>• Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.</li> <li>• Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).</li> <li>• Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.</li> </ul> <p><i>Note 1 - the board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement. Larger boards will require more independent NEDs to provide reassurance that independent views carry sufficient weight on the board. Generally, shareholder expectation is that at least half of directors of a board will be independent NEDs.</i></p> <p><i>Note 2 - save in exceptional (and well justified and explained)</i></p>

	<p><i>circumstances, the chair should not also fulfil the role of chief executive. If there is a need to combine these roles then this should be temporary and discussed beforehand with shareholders.</i></p> <p><i>Note 3 - companies should consider whether it is appropriate to have a senior independent director (SID). SIDs act as a sounding board and intermediary for the chair or other board members, as necessary. The key responsibilities of the SID also include leading the performance evaluation of the chair, or the search for a new chair, and chairing the (usually annual) meeting of the NEDs without the chair being present.</i></p>
<p><b>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b></p>	<p><b>ANNUAL REPORT &amp; ACCOUNTS DISCLOSURE:</b></p> <ul style="list-style-type: none"> <li>• Identify each director.</li> <li>• Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.</li> <li>• Explain how each director keeps his/her skillset up-to-date.</li> <li>• Where the board or any committee has sought external advice on a significant matter, this must be described and explained.</li> <li>• Where external advisers to the board or any of its committees have been engaged, explain their role.</li> <li>• Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.</li> </ul> <p><i>Note - the board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</i></p>
<p><b>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b></p>	<p><b>ANNUAL REPORT &amp; ACCOUNTS DISCLOSURE:</b></p> <ul style="list-style-type: none"> <li>• Include a high-level explanation of the board performance effectiveness process.</li> <li>• Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.</li> </ul> <p><b>WEBSITE DISCLOSURE:</b></p> <ul style="list-style-type: none"> <li>• Include a more detailed description of the board performance evaluation process/cycle adopted by the company. This should include a summary of: <ul style="list-style-type: none"> <li>• the criteria against which board, committee, and individual effectiveness is considered;</li> <li>• how evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and</li> <li>• how often board evaluations take place.</li> </ul> </li> <li>• Explain how the company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board</li> </ul>

	evaluation process.
<b>8. Promote a corporate culture that is based on ethical values and behaviours</b>	<p><b>ANNUAL REPORT &amp; ACCOUNTS DISCLOSURE</b> - include in the chair's corporate governance statement how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.</p> <p><b>WEBSITE DISCLOSURE</b> - explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected.</p>
<b>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</b>	<p><b>WEBSITE DISCLOSURE:</b> In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement:</p> <ul style="list-style-type: none"> <li>• Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups).</li> <li>• Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration.</li> <li>• Describe which matters are reserved for the board.</li> <li>• Describe any plans for evolution of the governance framework in line with the company's plans for growth.</li> </ul>
<b>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b>	<p><b>ANNUAL REPORT &amp; ACCOUNTS DISCLOSURE:</b></p> <ul style="list-style-type: none"> <li>• Describe the work of any board committees undertaken during the year.</li> <li>• Include an audit committee report (or equivalent report if such committee is not in place).</li> <li>• Include a remuneration committee report (or equivalent report if such committee is not in place).</li> <li>• If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.</li> </ul> <p><b>WEBSITE DISCLOSURE:</b></p> <ul style="list-style-type: none"> <li>• Disclose the outcomes of all votes in a clear and transparent manner.</li> <li>• Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.</li> <li>• Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.</li> </ul>
<b>Corporate Governance Statement</b>	<p><b>ANNUAL REPORT &amp; ACCOUNTS AND WEBSITE DISCLOSURE:</b></p> <p>The chair must prepare a corporate governance statement which:</p> <ul style="list-style-type: none"> <li>• clearly articulates the chair's role and demonstrates his/her responsibility for corporate governance;</li> <li>• explains, at a high level, how the QCA Code is applied by the</li> </ul>

	<p>company and how its application supports the company's medium to long-term success;</p> <ul style="list-style-type: none"><li>• explains, in a clear and well-reasoned way, any areas in which the company's governance structures and practices differ from the expectations set by the QCA Code; and</li><li>• identifies any key governance related matters that have occurred during the year, including any significant changes in governance arrangements.</li></ul>
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