VERSION FOR PUBLICATION

General Comments not relating to the questions posed, in relation to changes to the UK Corporate Governance Code December 2017.

1. **Proposed change to provision C.2.3 to make reference to the mandatory requirement of a High Level Controls Register (HLCR) to assist the board with the monitoring and oversight of internal controls, as well as strengthening transparency in this area.**

   I think more than ever these days, when we see corporate failures, and the failures of directors to control their businesses, there is a need for a HLCR which is formulated and maintained by the Company Secretary, to support the boards oversight of controls of large plc's and for every bank.

   Formulating and maintaining the HLCR on behalf of a board is where a Company Secretary really adds value in terms of their core administration work, and not primarily providing legal or compliance advice as is the case more so these days, I believe this to be the role of Head of Legal or the Compliance Department. I believe the absence of such focus by the Company Secretary in recent years on their core administration role has assisted in a potential disconnect between the controls put in place by the board and management who carry them out.

   The Company Secretary is in a privileged position and has exposure to such delegation of authority/controls from board to management. The HLCR assists in ensuring that the executives and the board are all on the same page in terms of the high level controls that have been delegated from directors to management.

   I recommend that the HLCR be mandatory for large plc's and for every bank and therefore propose that provision C.2.3. of the UK Governance Code be updated by including reference to such HLCG in supporting boards monitoring and oversight of the internal controls of the bank and strengthening transparency in this area.

   Such HLCR for example within a bank would include controls around credit, capital, market and liquidity limits, compliance, operational, financial as well as the controls around the risk appetite of the bank. Such controls can sometimes become embedded as appendices within control policies and the latest versions delegated from the board of a company can easily become difficult to establish. The Company Secretary can assist in maintaining and strengthening transparency and control in this area and sharing this information on a day to day basis, as well directors training and induction, to ensure there is no such disconnect. Such HLCR is subject to review by internal audit each year and included in the internal audit plan by way of a sample check of the HLCR against controls in place used by management. The HLCR is reviewed annually by the audit and risk committee and the board.

   The HLCR may be a big ask for some larger companies and banks, and may take time to put together; but in my opinion this is an absolute must, and has proved to be a very valuable tool. Ultimately this is how the board can be confident that executives are acting upon the controls they have put in place. The caveat behind this, is there has to be very good, honest, capable, prudent bankers at the helm.

2. **Proposed change to provision C.3.1 to be extended to give the Audit Committee the ability/flexibility to ask the board for further members if required.**

   It may be good due to the increase in cyber security oversight, a mechanism be built in whereby the audit committee would be able to ask board for particular further skill set membership and not just have the ability to obtain external advice or further training.

3. **Proposed change to include a new provision about directors/employee wellbeing.**

   It is very worrying the amount of stress that directors and employees are under, as a result of years of cut backs and the pursuit of increase to the bottom line, with many employees across many industries including senior management and board members as well as employees being put on and being scared due to job insecurity to speak out and say no to extra work. I believe there are very many diligent workers who have taken on more and more over the years, and the UK's workforce is unsustainable under such pressure. There does not appear to be any mechanism for such people to speak out about this; and I believe there is a great risk that those who have worked diligently will no longer be able to continue at some point, leading to another set of workers who won't be so diligent, eventually leading to the dilution and authenticity of governance as we know it. Ultimately the wellbeing of individuals has to be the underlying goal of the maintenance of governance, and therefore a new provision be included in the UK Corporate Governance Code to address this situation, which I believe would give directors the tool they need to strengthen the top down approach of the culture of the workplace. Such changes may well go a long way in helping implement s172 (b) of the Companies Act 2006.

Background

These observation comes from a Company Secretary (FCIS) with over twenty five years of experience working within the largest plc's in the UK, including 15 years working experience within financial institutions including Citibank, UBS and Barclays, and who has worked for the past 10 years in a medium sized bank and secretary of an audit committee, and has put together and implemented and maintains the HLCR, in conjunction with Chief Risk Officer and Head of Internal Audit.