

POLB(12)07 Appendix A**Corporate Code of Governance**

The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high quality corporate governance and reporting. The FRC's first Code of Corporate Governance (1992 Cadbury Committee) was updated in June 2010 and sets out how the Board of a Company should discharge its responsibilities. The Code is not a set of firm rules but a number of principles to which a Company should "Comply or explain". It is set out in five main sections:

Leadership

- Board: Every company should be headed by an effective Board which is collectively responsible for the long-term success of the company
- Responsibilities: A clear division of responsibilities should exist between the running of the Board and the executive responsibility for the running of the business
- Chairman: The Chairman should lead the Board and ensuring its effectiveness
- Non-executive Directors: The Non-executive Directors should constructively challenge and help develop proposals on strategy.

Effectiveness

- Appropriate members :The Board should have the appropriate balance of skills, experience, independence and knowledge of the company
- Appointments: There should be a formal, rigorous and transparent procedure for the appointment of new Directors to the Board.
- Dedicated Time: All Directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.
- Induction: All Directors should receive induction on joining the Board and should regularly update and refresh their skills and knowledge.
- Information: The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties
- Evaluation: The Board should undertake a formal & rigorous annual evaluation of its own performance & that of its committees and individual Directors.
- Re-election: All Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

Accountability

- Assessment: The Board should present a balanced and understandable assessment of the company's position and prospects.
- Risk: The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems.
- Reporting: The Board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditor.

Remuneration

- Remuneration: Level should be sufficient to attract, retain and motivate Directors of the quality required to run the company successfully, but not more than is necessary for this purpose. A significant proportion of executive Directors' remuneration should be structured to link rewards to corporate and individual performance.
- Procedure: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his or her own remuneration.

Relations with shareholders

- Communication: There should be a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.
- AGM: The Board should use the AGM to communicate with investors and to encourage their participation.