

Corporate governance statement in the case of a traded company

1373. (1) Subject to subsection (3), there shall be included in the directors' report referred to in section 325 of a traded company a statement (which shall be known and is in this section referred to as a "corporate governance statement") in respect of the financial year concerned.

(2) The corporate governance statement shall be included as a specific section of the directors' report, and shall include, at least, all of the following information:

(a) a reference to—

(i) the corporate governance code—

(I) to which the company is subject and where the relevant text is publicly available; or

(II) which the company has voluntarily decided to apply and where the relevant text is publicly available;

and

(ii) all relevant information concerning corporate governance practices applied in respect of the company which are additional to any statutory requirement, and where the information on such corporate governance practices is available for inspection by the public;

(b) where the company departs, in accordance with any statutory provision, from a corporate governance code referred to in clause (I) or (II) of paragraph (a)(i)—

(i) an explanation by the company as to which parts of the corporate governance code it departs from in accordance with the statutory provision and the extent to which it departs from such code; and

(ii) the reasons for such departure;

and where the company has decided not to apply any provisions of a corporate governance code referred to in clause (I) or (II) of paragraph (a)(i), the company shall explain its reasons for doing so;

(c) a description of the main features of the internal control and risk management systems of the company in relation to the financial reporting process;

(d) the information required under Regulation 21(2)(c), (d), (f), (h) and (i) of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 , where the company is subject to those Regulations;

(e) a description of the operation of the shareholder meeting, the key powers of the shareholder

meeting, shareholders' rights and the exercise of such rights;

(f) the composition and operation of the board of directors and the committees of the board of directors with administrative, management and supervisory functions.

(3) The information required under subsection (2) may be set out in a separate report published in conjunction with the directors' report in accordance with subsection (4) or (5), or provided by a reference in the directors' report to where the separate report is publicly available on the website of the company, and where a separate report is provided, the corporate governance statement may contain a reference to the annual report where the information referred to in subsection (2)(d) is provided.

(4) Where a company prepares a corporate governance statement in the form of a separate report, such report shall be attached to every balance sheet, referred to in section 341, laid before the annual general meeting of the company and shall be signed on behalf of the directors by 2 of the directors of the company.

(5) Where a company prepares a corporate governance statement in the form of a separate report, a copy of such report shall—

(a) be published on the website of the company, and a statement that a copy of the report has been so published, together with the address of the website of the company, shall be included in the report of the directors of the company; or

(b) be annexed to the annual return of the company.

(6) The reference in subsection (5)(b) to a copy of the report is a reference to a copy that satisfies the following conditions:

(a) it is a true copy of the original save for the difference that the signature or signatures on the original, and any date or dates thereon, shall appear in typeset form on the copy; and

(b) it is accompanied by a certificate of a director and the secretary of the company, that bears the signature of the director and the secretary in electronic or written form, stating that the copy is a true copy of the original (and the foregoing statement need not be qualified on account of the difference permitted by paragraph (a) as to the form of a signature or of a date).

(7) Where a company prepares a corporate governance statement the statutory auditors of the company, when preparing the report required by section 391 in respect of the company, shall—

(a) establish that the company has prepared a corporate governance statement and whether such statement contains the information required by subsection (2)(a), (b), (e) and (f);

(b) provide an opinion concerning the consistency or otherwise of the information given in the corporate governance statement under subsection (2)(c) relating to the financial year concerned which is consistent with the outcome of their evaluation and testing of the relevant systems for the purposes of preparing that report and the auditors shall state in the report under section 391 whether, in their opinion, such

information is so consistent; and

(c) provide an opinion as to whether the information given in the corporate governance statement under subsection (2)(d) relating to the financial year concerned is consistent.

(8) Subsection (2)(a), (b), (e) and (f) shall not apply to a traded company which has only issued securities, other than shares, admitted to trading on a regulated market, unless such company has issued shares which are traded in a multilateral trading facility.

(9) In subsection (8) “multilateral trading facility” has the meaning assigned to it by Article 4(1), point (15) of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004.