

## The Quoted Companies Alliance's revised Corporate Governance Code emphasises how good governance helps to deliver growth

The Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies, has published today its revised *Corporate Governance Code for Small and Mid-Size Quoted Companies* (QCA Code) at a launch event at the London Stock Exchange.

Last published in 2010, the QCA Code has been revised and updated to take into account a number of corporate governance developments. Some key changes include:

- Emphasising the benefits of good governance to a public company, including how it can build trust between the company, its shareholders and potential shareholders;
- Focusing on the prime importance of companies delivering good quality explanations of its approach, actions and behaviour;
- Emphasising the central role of the chairman in delivering good governance;
- Further embedding the principle of constructive engagement between companies and shareholders in light of the UK Stewardship Code;
- Including greater detail on the characteristics of an effective board; and
- Reordering the Quoted Companies Alliance's 12 principles of corporate governance to place greater emphasis on the delivery of growth in long term shareholder value.

The QCA Code is widely recognised as an industry standard for those growing companies for which the UK Corporate Governance Code is not applicable. This includes standard listed companies and those on AIM and the ICAP Securities and Derivatives Exchange.

The QCA Code adopts key elements of the UK Corporate Governance Code, current policy initiatives and other relevant guidance and then applies these to the needs and particular circumstances of small and mid-size quoted companies on a public market. Focusing on 12 principles and a set of minimum disclosures, the QCA Code encourages companies to consider how or whether they should apply each principle to achieve good governance and provide quality explanations to their shareholders about what they have done.

Baroness Hogg, Chairman of the Financial Reporting Council, comments: "I welcome the updated QCA guidelines which set out for smaller quoted companies how they can apply the principles of good governance in the UK Corporate Governance Code to their own circumstances. Well run companies achieve sustained success and for that reason, as the QCA Code rightly emphasises, transparency and engagement with shareholders about how the company is governed can help to attract and retain investment."

Tim Ward, Chief Executive, The Quoted Companies Alliance, comments: "Good governance is a key part of a company's strategy for growth. When a small or mid-size public company puts in place good and effective governance arrangements, that company makes a bold statement that it wants to attract further investment. The QCA Code is a stepping stone for growing companies that will help them to deliver long term growth."

Edward Craft, Partner at Wedlake Bell and Chairman of the Quoted Companies Alliance Corporate Governance Expert Group, the group that led the revision of the QCA Code, comments: "Through the revised QCA Code, we want to encourage further positive engagement between companies and shareholders. This is why we have focused on the importance of companies explaining why they do what they do, rather than merely reiterating published guidance. Good disclosure and open dialogue are necessary to achieve good governance and to maintain trust between companies and shareholders."

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**Notes to editors:**

1. Below is a further selection of quotes from organisations supportive of the Quoted Companies Alliance's Code:

**Alastair Walmsley, Head of Primary Markets, London Stock Exchange:**

"Corporate governance should not be regarded simply as a regulatory code but as a set of practices to promote high standards of transparency and disclosure. It is to the credit of the British business community that corporate governance is not considered an inconvenience to be avoided, but is seen as an important part of the UK's international success. Companies from around the globe choose to list in London in large part because of the reputation of the London markets, and the UK corporate governance regime is central to that reputation. By promoting high standards whilst retaining an appropriate balance, I feel certain that adoption of the QCA Code will help smaller quoted companies build productive long-term relationships with their investors."

**Seth Johnson, Chief Executive Officer, ICAP Securities and Derivatives Exchange:**

"For smaller companies, applying the key principles of good governance is all about balance. For example, balancing the need for process and procedure against the need for flexibility and the need to achieve high standards of disclosure against the reality of often limited resources. We welcome this update to the QCA Code, which is an invaluable resource for smaller quoted companies keen to punch above their weight. It treads just the right line in providing companies with proportionate and practical guidance, avoiding a 'tick box' approach whilst supporting good decision making and an open, transparent relationship with shareholders."

**David Paterson, Head of Corporate Governance, The National Association of Pension Funds (NAPF):**

"We continue to welcome the QCA's efforts in promoting good corporate governance amongst small and mid-size quoted companies. We believe that, by encouraging high standards of corporate governance, small and mid-size quoted companies will be better able to manage their growth and

attract a greater institutional investor following, thereby enabling them to raise fresh capital more easily and on potentially more advantageous terms.

In devising our own Corporate Governance Policy & Voting Guidelines for smaller companies the NAPF continues to draw heavily on the QCA's Code. We expect that shareholders will apply these guidelines with a degree of flexibility suitable to each company's individual circumstances and a key focus for smaller companies should be to seek regular and constructive engagement with their shareholders."

**Seamus Gillen, Director of Policy, The Institute of Chartered Secretaries and Administrators (ICSA):**

"ICSA welcomes the QCA's work in refreshing the Corporate Governance Code for Small and Mid-Size Quoted Companies. It's critical that governance issues are made relevant for smaller companies because there is no business – whatever its size – which cannot benefit from being better run."

**Janice Wall, Head of Corporate, Wedlake Bell LLP:**

"We at Wedlake Bell are delighted to work so closely with the team at the Quoted Companies Alliance and the involvement of two leading members of our corporate team at the heart of the project to update the QCA Code is testament to the strength of our relationship. This work has been both rewarding and stimulating and reflects the strength of our corporate governance expertise."

2. The Quoted Companies Alliance's *Corporate Governance Code for Small and Mid-Size Quoted Companies* is available to purchase from 1 May 2013 at: [www.theqca.com/guides](http://www.theqca.com/guides)
3. The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. We campaign, we inform and we interact to help our members keep their businesses ahead. Through our activities, we ensure that our influence always creates impact for our members. For more information please visit [www.theqca.com](http://www.theqca.com)