

2 December 2016

UK – Green Paper on Corporate Governance Reform.

Overview

Theresa May's government has repeatedly promised "to build an economy that works for everyone, not just the privileged few." As part of this agenda, the government has this week published a Green Paper on Corporate Governance Reform.

Contents

Corporate governance is given a relatively broad definition in the [Green Paper](#). It is concerned not just with the relationship between boards and shareholders but also with the interests of employees, customers, suppliers and others with a direct interest in the performance of a company. The Green Paper recognises that the UK's system of corporate governance and the unitary company board generally work well. The three areas that it focuses on are: shareholder influence on executive pay in quoted companies, increasing the connection between boards and employees and other stakeholders in large UK companies, and extending features of the corporate governance regime applying to listed companies to the largest privately-held companies and LLPs. Businesses, investors, employees, consumers and others are invited to give their views on these and on any other issues.

The Green Paper is consulting on a range of options rather than firm proposals, to enable the government to "move quickly to consider whether changes are appropriate." Any changes would require legislation and/or further consultation to become effective, so there's some way to go. All the same, companies may want to consider whether there would be any advantage in voluntarily implementing some of the proposals - particularly, for companies currently putting together new policies for the 2017 binding shareholder vote, on executive pay.

Click [here](#) for details of the proposals and comments.

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