

Press release: World-leading package of corporate governance reforms announced to increase boardroom accountability and enhance trust in business

- New laws will force all listed companies to reveal the pay ratio between bosses and workers
- All listed companies with significant shareholder opposition to executive pay packages will have their names published on a new public register
- New measures will seek to ensure employee voice is heard in the boardroom

For the first time listed companies will have to publish pay ratios between chief executives and their average UK worker under government reforms to boardroom accountability outlined today (29 August 2017).

Business Secretary Greg Clark today set out how the Government's package of corporate governance reforms will enhance the transparency of big business to shareholders, employees and the public.

These will include the world's first public register of listed companies where a fifth of investors have objected to executive annual pay packages. This new scheme will be set up in the autumn and overseen by the Investment Association, a trade body that represents UK investment managers.

In the coming months the Government will introduce new laws to require: * around 900 listed companies to annually publish and justify the pay ratio between CEOs and their average UK worker * all companies of a significant size to publicly explain how their directors take employees' and shareholders' interests into account * all large companies to make their responsible business arrangements public

Last year the Prime Minister made clear that the behaviour of a small number of companies had damaged the public's trust in big business. She set out proposals to improve transparency and accountability and give employees a voice in the boardroom. The reforms announced today follow a thorough consultation process.

Business Secretary Greg Clark said:

One of Britain's biggest assets in competing in the global economy is our deserved reputation for being a dependable and confident place in which to do business. Our legal system, our framework of company law and our standards of corporate governance have long

been admired around the world.

We have maintained such a reputation by keeping our corporate governance framework under review. Today's reforms will build on our strong reputation and ensure our largest companies are more transparent and accountable to their employees and shareholders.

The Business Secretary will seek to ensure employees' interests are better represented at board level of listed companies. He will ask the Financial Reporting Council (FRC), which sets high standards of governance through the UK Corporate Governance Code, to introduce a new requirement in the code to achieve this.

Under the code's "comply or explain" basis, firms would have to either: * assign a non-executive director to represent employees; * create an employee advisory council; * or nominate a director from the workforce.

The FRC will also be asked to work with the business community and the Government to develop a voluntary set of corporate governance principles for large private companies.

Stephen Haddrill, CEO of the FRC, said:

The UK's deserved reputation for good corporate governance, earned over the last 25 years, has underpinned British business success. How we develop the framework will be key to boosting competitiveness, transparency and integrity in business particularly after Brexit. Successful and sustainable business are not just good for the economy, they support wider society by providing jobs and helping to create prosperity.

The FRC is undertaking a fundamental review of the Corporate Governance Code. The Government's feedback will help inform the development of our consultation later this year.

Large private companies are integral to the UK economy as significant employers and supporters of communities and families. It is right that we develop a set of corporate governance principles to enhance confidence that they act in the public interest.

The Government intends to bring legislative reforms into effect by June 2018.

Responding to the Government's responsible business reforms, Stephen Martin, Director General of the Institute of Directors, said:

We welcome the pragmatic approach the Government is taking to improve how company boards work. We're particularly pleased that there will be a code for large private businesses, as the

principles of good governance should extend beyond the companies listed on the stock market.

The Secretary of State is taking a sensible approach on giving workers a bigger say, by allowing companies to choose the best way to implement the new rules. All directors are responsible for the whole company, so any with the specific remit to speak for employees must be adequately trained and aware of their responsibility to promote the long-term success of the business.

Pay ratios will sharpen the awareness of boards on the issue of remuneration, but they can be a crude measure. Companies will have to prepare themselves to explain how pay as a whole in their business operates, and why executives are worth their packages.

Terry Scuoler, Chief Executive of EEF, the manufacturers' organisation, said:

UK Manufacturers have a strong track record of good corporate governance and high standards of employment practice with many examples of excellent employee engagement in firms up and down the land.

These proposals will build on these existing high standards, spreading best practice, improving transparency and ensuring greater consistency amongst the UK's largest businesses.

The reforms, which will accelerate improvements in Corporate governance, are consistent with the UK's industrial strategy and will aid international competitiveness and attractiveness as a hub of global trade and investment.

Paul Drechsler CBE, Confederation of British Industry President, said:

Good corporate governance is an essential ingredient of business performance and the bedrock of trust between business and society.

We know that how companies act and behave determines the way people think about business.

Companies take this seriously and we look forward to working closely with the Government to ensure the UK maintains its reputation as a global leader in this field and as a primary location for international investment.

The CBI is very clear that the unacceptable behaviour of a few firms does not reflect the high standards and responsible behaviour of the vast majority of companies.

Commenting on the new public register, Chris Cummings, Chief Executive of the

Investment Association, said:

The creation of the public register on shareholder voting is an important step in increasing accountability and transparency of those listed companies that see significant shareholder rebellions during the AGM season.

Our members, who manage the pensions of 75% of UK households and own over one third of the FTSE, believe that not all company boards that receive big shareholder dissent are currently doing enough to address investor concerns. This public register will help sharpen the focus on the those who must do more, enabling our members to hold the country's biggest businesses to account and leading to better-run companies.

We look forward to working with Government to deliver the public register and aim to launch it later this Autumn.

Stefan Stern, director of the High Pay Centre think-tank, said:

We want investors and boards to have a more constructive and more thoughtful conversation on executive pay, and this sort of public disclosure should help.

This is a step in the right direction, providing greater transparency and focusing the public's attention on those companies who ignore the concerns of their shareholders.

Notes for Editors

1. [Corporate Governance Reform: government response](#) (PDF, 647KB, 69 pages)
2. The FRC intends to consult on amendments to the UK Corporate Governance Code in late autumn with a view to publishing a revised code by mid-2018. This would mean the code would apply to the majority of companies in 2019
3. The government today announced its intention to fulfil its manifesto commitment to examine the use of share buyback schemes, where companies repurchase their own shares, to ensure the method is not being used to artificially influence executive pay performance targets
4. In the coming weeks, Business Minister Margot James is expected to chair the first ever meeting of the Business Diversity and Inclusion Group, set up to make sure government and industry work more closely to remove barriers in the workplace. The group will bring together the leaders of four industry-led diversity reviews:
 - Sir Philip Hampton, chairman of a review into increasing female representation at the top of business
 - Baroness McGregor-Smith, who led a review into BME participation

- and progression in the workplace
 - Sir John Parker, who is leading a review into diversity on boards
 - Jayne-Anne Gadhia, Government champion for women in finance
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News story: David Davis' opening remarks at the start of the third round of EU exit negotiations

Good afternoon,

I'm pleased to be back in Brussels, for the third round of negotiations.

We've had a busy few weeks. Since the last round of talks, the UK Government has published a large number of papers covering important issues related to our withdrawal, and our vision for the deep and special partnership we want with the European Union in the future.

They are products of the hard work and detailed thinking that has been going on behind the scenes, not just in last few weeks but in the last twelve months, and should form the basis of what I hope will be a constructive week of talks between the European Commission and the United Kingdom.

For the United Kingdom, the week ahead is about driving forward the technical discussions across all the issues.

We want to lock in the points where we agree, unpick the areas where we disagree, and make further progress on the whole range of issues.

But in order to do that, we'll require flexibility and imagination from both sides – something I think the Council has asked for on some subjects.

Our goal remains the same. We want to agree a deal that works in the best interests of both the European Union and the United Kingdom, and people and businesses right across Europe.

And we're ready to roll up our sleeves and get down to work again once more.

Thank you.

News story: Defence Secretary strengthens ties between UK and Oman

During the two day visit, the Defence Secretary met with the Minister Responsible for Defence Affairs, His Excellency Sayyid Badar bin Saud bin Harub Al Busaidi, signing a Memorandum of Understanding and Services Agreement in Muscat. The agreement secures UK use of facilities at Duqm, ahead of the completion of the UK Joint Logistics Support Base at the port, giving Britain a strategically important and permanent maritime base east of Suez, but outside of the Gulf.

The booming Duqm Port complex provides significant opportunity to the defence, security and prosperity agendas for both the UK and Oman. It has dry dock capability able to accommodate submarines and the UK's flagship, HMS Queen Elizabeth, which is the largest and most powerful warship ever built for the Royal Navy.

From Duqm, HMS Queen Elizabeth will be able to project influence across an important region. She will fulfil multiple roles from providing air power anywhere at any time, to supporting allies or delivering humanitarian aid and the port itself provides Britain with a hub from which to tackle issues such as the fight against Daesh.

Defence Secretary, Sir Michael Fallon, said:

This agreement ensures British engineering expertise will be involved in developing Duqm as a strategic port for the Middle East, benefiting the Royal Navy and others.

Oman is a longstanding British ally and we work closely across diplomatic, economic and security matters. Our commitment to the Duqm port project highlights the strength of our relationship.

Through ensuring a permanent UK presence at Duqm, the UK will be able to shape the development of the Naval facility to support its carrier capability and wider British security needs in the region. Alongside at Duqm was HMS Monmouth, who has recently completed a five month deployment to the Gulf where as part of an international coalition she was involved in drugs busts worth £400m. The Defence Secretary praised the work of the sailors whose actions removed a key funding stream for terrorists in the region.

Sir Michael Fallon with His Excellency Sayyid Badr bin Saud bin Harib Al Busaidi, Minister Responsible for Defence Affairs

Once completed, the UK Joint Logistics Support Base, a multi-million pound joint venture between British defence company Babcock International and the Oman Drydock Company, will provide the UK a permanent training facility in addition to a key military logistics centre in the Gulf. It will also be

connected to other Gulf countries by the Gulf Rail Project.

The UK and Oman are established allies in the Gulf, with a wide range of shared interests. With a particularly strong defence relationship, the infrastructure built at Duqm port will support Exercise SAIF SAREEA 3 in 2018, the largest UK-Oman joint exercise for 15 years.

Press release: UK concerned at detention of Mehman Aliyev in Azerbaijan

UK calls for the Azerbaijan government to support freedom of expression, and the right to a fair trial.

On 10 August, an investigation into alleged tax evasion was launched against the independent Turan news agency in Azerbaijan. The director of the agency, Mehman Aliyev, was detained on 24 August in connection with the investigation. On 25 August, Turan announced that it was suspending operations indefinitely from 1 September, shortly before Mehman Aliyev's pre-trial detention was confirmed.

A Foreign and Commonwealth Office spokesman said:

The UK is concerned by the criminal case against the Turan news agency in Azerbaijan and the pre-trial detention of its director Mehman Aliyev. This represents the latest development in a worrying trend of apparently politically motivated actions to curtail freedom of expression and restrict independent media. The UK will continue to monitor developments in this case and urges the Azerbaijan government to uphold its commitments to fundamental freedoms, human rights and the rule of law, including Mehman Aliyev's right to a fair trial.

Further information

News story: Planes fuelled by waste could take off from British airports

As part of plans to promote clean alternative fuels, the government is offering funding for projects in the UK to develop low carbon waste-based fuels for planes and lorries, with matching funding from industry.

The government is already planning to revolutionise the motor industry with ultra-low emission electric cars, and now we are going further and investing in a new generation of fuels which will power our aircraft and lorries.

Trials of sustainable jet fuel, made from waste materials, have taken place in Europe and North America, and now the launch of a UK competition will see British experts conduct pioneering research in this sector.

The department has already had interest from more than 70 groups in bidding for the funding.

The new fuels are chemically very similar to conventional fuels, so can be used in existing aircraft without the need for any engine modifications.

The low carbon transport fuels made from waste materials could be worth £600 million a year to the British economy by 2030, and could also support up to 9,800 new jobs.

Transport Minister Jesse Norman said:

We are committed to cutting carbon emissions and promoting new environmentally-friendly fuels that will help us meet that goal.

We are making funding available to innovative businesses which will lead the way in developing alternative fuels that are efficient, sustainable and clean.

We want every new car and van in the UK to be zero emission by 2040, but we know lorries and aeroplanes will rely on more traditional fuels for years to come so we must promote environmentally friendly alternatives.

The £22 million fund could help us deliver up to 5 new low carbon fuel plants by 2021. The money is available to projects that will produce low carbon waste-based fuels, to be used in planes and lorries where it is not viable today to switch to electric power, because of the large weight of the vehicles.

Planes and lorries powered by waste fuels could use up to 90% less carbon than traditional fossil fuels.

The [Future fuels for flight and freight](#) competition is part of the government's 'Modern industrial strategy', which sets out to support evolving industries with the potential to boost the economy.

The government is committed to cutting greenhouse gas emissions by 80% by 2050, and transport emissions must be slashed if we are to meet that target.

Biofuels made from waste products could be even more sustainable than current crop-based biofuels, already used in some road-based vehicles.