



ICSA Hermes
**Transparency
in Governance**
AWARDS 2010

Improving governance disclosure in annual reports



Awards report 2010

Delivering transparency, changing behaviour

Improving governance disclosure in annual reports

Introduction

Hermes Equity Ownership Services is delighted to have supported the ICSA Hermes Transparency in Governance Awards since their inception. Our work is to represent our clients (a growing number of pension funds and other asset owners from around the world) in engagements with companies on a variety of issues affecting their long-term performance. In our discussions with boards, we frequently encourage them to improve their disclosure on governance, strategy, risk assessment and management, so that we can understand better the longer term challenges of the businesses our clients partially own. By supporting the Awards we aim to encourage companies to analyse critically how they report on these crucial issues against the best quality reports in the UK. Through such analysis we believe that companies will be able to learn from their peers' approach and improve their own performance. Furthermore, we believe that the quality of annual reports provides an approximation of how boards and their committees operate. Poor disclosure suggests that directors may not be fulfilling properly their fiduciary role as agents of company owners. Conversely, strong disclosure is likely to provide the precursor to good-quality, mutually-beneficial engagement, as encouraged by the Stewardship Code.

Colin Melvin, CEO, Hermes Equity Ownership Services

Our purpose in initiating these Awards in partnership with Hermes was to shine the spotlight on governance and governance disclosure. Our interest in this area stems from the fact that Chartered Secretaries have an important role to play in developing the governance agenda in support of companies' continued focus on competitiveness and growing shareholder value. In the light of the corporate collapses in this country, there is a necessity for companies to operate and report transparently to prove that they are well run and capable of delivering. We believe the Awards make a significant contribution to acknowledging companies for the work they are doing to improve governance processes, encourage transparency, build market confidence and secure increased investor understanding and support.

David Wilson, CEO, Institute of Chartered Secretaries and Administrators

In aiming to encourage better governance through better disclosure, the ICSA Hermes Transparency in Governance Awards seek to:

- reward 'best in class' disclosure performance;
- increase levels of trust and confidence in governance arrangements between UK companies and their shareholders;
- encourage good quality investor engagement as advocated by the UK Corporate Governance Code, the Stewardship Code and the Walker Review;
- enable stakeholders to benefit from increased levels of transparency, so that the company in return can benefit from greater commitment and loyalty from those stakeholders.

This report details the rationale for the Awards and the insights gathered during the judging process, to help companies continue to improve their standards of governance disclosure.

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The Awards evening

The second ICSA Hermes Transparency in Governance Awards evening took place at the Brewery, central London, on 17 November 2010.

In his opening remarks, **Edward Davey MP**, Minister for Employment Relations, Consumer and Postal Affairs, stated:

'The UK has been a pioneer in developing high standards of corporate governance. As a result, our companies are among the very best when it comes to transparency and effective disclosure – as the quality of these winners demonstrates. It is important that we recognise the world-class corporate governance that British companies can achieve, and these Awards are an excellent way of spreading those high standards more widely.'

'Transparency and accountability, confidence and trust have to become the norm if we are to rebuild the economy, encourage long-term healthy growth and see a successful, fit-for-purpose corporate sector.'

Roger Carr, Chair of the Judges, commented:

'A great annual report is a window to see through – not a screen to hide behind. It is not simply valuable as a snapshot in time, it has been and can be a catalyst of change. I would encourage you all to take a look at those that are best in class, both as a marker of current excellence and a benchmark to beat next year.'

What made the winning reports special?

(And why did the judges make a joint award in the FTSE 100 category?)

Aggreko plc

- The CEO and CFO have taken personal responsibility for the quality of the report and its tone, including both flashes of humour and a refreshing honesty.
- It is admirably concise – perhaps all FTSE 100 reports should aim to achieve this.
- There is a clear exposition of the board's thinking.
- Every disclosure is material.
- There is a superb formulation of the board's attempt to balance risk and reward in its business model, and thoughtful discussion of its long-term strategy, including the use of interesting KPIs and a discussion of them.
- The risks of the business are described in a way which makes them realistic, and are accompanied by good discussion of the company's mitigation strategy.
- The governance report goes beyond bland formulation to provide real insight, for example on board evaluation.

BAE Systems plc

- The chairman's statement and his introduction to the governance section set the scene for another excellent report, following the company's win last year.
- Throughout the document, the company reports on its performance against its objectives, with targets for the forthcoming year, demonstrating that the board is taking responsibility for measuring progress.
- Great use of design, graphics, cross-referencing and diagrams to aid clarity.
- There is in-depth discussion of strategy, investment, resources, market position and future growth engines, with judicious use and explanation of KPIs, with linkage to objectives.
- The risk analysis is dynamic and informative, explains additional risk perceived during the year, and is supplemented by a report that demonstrates a conscientious internal control review.
- There are numerous examples of the clear linkage between governance, accountability and delivery of the strategy, including detailed descriptions of the actions of the executive committee, how the board committees are central to the risk management framework, and how the board spent its time.

Both winners relied on the board taking responsibility for delivering an honest picture of the company. However, the reports were written in very different ways. One relied on a simple format, where the voice of the board clearly explains how it discharges its responsibilities. The other relied on a well engineered, thorough format to explain a complicated business and to highlight the board's role as a steward of it. All boards can learn from the strengths of both approaches.

What made the winning reports special?

FTSE 250

Amlin plc

- There is a succinct chairman's statement linking governance to performance, and providing a long-term view of how the strategy is developing.
- The strategy is clearly laid out with charts, a useful summary of performance and future priorities, and with in-depth discussions of each business.
- The discussion on risk is clear and profound, including changes made to risk management and priorities for the coming year, including useful descriptions of a new risk arising and risk tolerance.
- The report contains information on returns from key acquisitions.
- The section on Solvency II is an excellent example of how complex issues can be made readily understandable with careful disclosure.
- The audit committee report includes a description of how its risk management role has evolved during the year, as well as other good disclosures.
- The corporate responsibility section is linked closely to strategy.
- The governance report contains better committee reports than is standard.

FTSE small cap plus AIM

May Gurney Integrated Services plc (AIM)

- A well laid out, concise report which explains the business simply and effectively with good use of photography and captions.
- Helpful graphics, including colour coding, to highlight progress against objectives.
- A comprehensive chairman's statement and detailed CEO's business review are better than those of many larger companies, as is the description of mitigation of some of the key risks.
- There is a strong sustainability section with good use of traffic lights on aspirations and progress.
- Provides proof that a company does not have to be large and well resourced to succeed in communicating compellingly with investors and key stakeholders.

Why the Awards matter

'We are delighted to have won two further awards this year. The importance of governance practice reporting was a key theme coming out of the recent reviews of UK corporate governance – it's something we take very seriously and are pleased that what we and the other award winners do has been recognised by ICSA and Hermes.'

David Parkes, Company Secretary, BAe Systems plc

'My perception is that the ICSA Hermes Awards are increasingly seen as the gold standard of corporate reporting awards, which is a great credit to both the Institute and Hermes. On top of that, the event itself makes an enjoyable evening, which I can recommend to anyone who has not yet been to one.'

Charles Pender, Company Secretary, Amlin plc

'The board is very proud that Aggreko won the Awards, reflecting the hard work, particularly by the CEO and CFO, which was put into writing a report which explained clearly the company's strategy, performance and assessment and management of risk. We welcome the Awards, as we believe that they encourage better disclosure, which helps boards and shareholders to engage more meaningfully with each other.'

Philip Rogerson, Chairman, Aggreko plc

'An excellent and timely initiative.'

Sir David Walker, Author, *A Review of Corporate Governance in UK Banks and Other Financial Industry Entities*

'... there is a need for more boards to embrace confident and persuasive communication with shareholders rather than retreat into boiler-plate. The best already do, as witnessed for example by the high quality of the annual reports shortlisted for the inaugural ICSA Hermes Transparency in Governance Awards. In particular, the FRC would encourage chairmen, and the chairmen of the main board committees, to see the corporate governance statement as an opportunity to demonstrate to current and potential investors why they can have confidence in the board. Not only would this give investors a clearer picture of the steps taken by the board to ensure that it was able to operate effectively but, by providing greater context, it might make investors more willing to accept explanations when a company chose to explain rather than comply with one or more provisions.'

'... there are actions (the FRC) can take to encourage companies to give more thought to what they report, for example ... by encouraging initiatives such as the ICSA Hermes Transparency in Governance Awards.'

Financial Reporting Council, *2009 Review of the Combined Code: Final Report December 2009*

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Judges' citations on winning entries

Best annual reports

FTSE 100 – joint winners

BAE Systems plc

The high quality of reporting demonstrated by last year's winner was repeated again this year. An extremely thorough, well thought-out report that is put together with care, with the chairman's influence on it shining through.

Aggreko plc

This report demonstrated a very different approach from most of the FTSE 100: it relies on very strong, personal narrative to tell the story of how the board sees the company and its prospects. The judges were impressed by its honest tone and its refreshing style, from which all companies might learn.

FTSE 250: Amlin plc

Amlin continued to excel within the FTSE 250 and the judges had little hesitation in awarding it the best report prize again this year – for anyone who wishes to understand the complexities of Solvency II, this report might be a place to start.

Small cap and AIM: May Gurney Integrated Services plc

Of those companies that put themselves forward for this award, this was the clear winner. A straight-forward, no-nonsense and thorough report that put many larger companies' efforts to shame. A worthy winner.

Strategy

FTSE 100: Aggreko plc

For a clear exposition of how a company is planning its development, with an honest description of the risk and reward profile of the company, this report had little competition. Companies thinking about how best to describe their business model could learn from the approach of this report.

FTSE 250: Taylor Wimpey plc

The board describes clearly exactly what it wishes to achieve, with clear long and short-term objectives, and the best integration of risk in the FTSE 250. Importantly, it focuses on divisional rather than group-wide KPIs, as they are considered more appropriate to its business model.

Audit committee report

FTSE 100: Barclays PLC

This report clearly explained in a personal style what the audit committee did, benefiting from a judicious use of graphics, which provided reassurance concerning the work carried out by the committee during the year.

FTSE 250: Amlin plc

This report stood out markedly within the FTSE 250 – a useful description of each audit committee member's background, excellent description of the committee's terms of reference, and a good style, contributed to produce a great narrative.

Sustainability and stakeholder

FTSE 100: Marks and Spencer Group plc

Sustainability permeates this report; it is integrated into the strategy, it is reported on with helpful KPIs, and missing sustainability targets is identified as a key risk to the company; the report demonstrates that sustainability is not an add-on, but an integral part of the company's thinking.

FTSE 250: Drax Group plc

This company does not hide from discussing its fundamental risk – it is a producer of electricity from coal which is unsustainable over the longer term. It describes how it is attempting to manage its environmental risks in a way that does not shy away from this inconvenient truth.

Remuneration

FTSE 100: Legal & General Plc

An excellent report which went beyond compliance with a very helpful summary, a useful description of a specific payment and strong disclosure on how risk was managed within the remuneration policy and practice.

FTSE 250: Dana Petroleum plc

A pleasingly clear layout helped this report communicate effectively, with good discussion of how the organisation linked their policies to their strategy. The judges also enjoyed the thoughtful discussion on how bonus awards were considered during the year.

Risk management

FTSE 100: BAE Systems plc

BAE Systems were a clear winner in this category, with their holistic approach commended, including cross-referral to the audit committee's report, and a detailed discussion on progress on the Woolf Report's recommendations. The judges liked the fact that the reporting made clear that risk management was evolving as the business developed.

FTSE 250: The Davis Service Group Plc

The report was commended for its exemplary linking of risk and strategy. The process reporting appeared more live than in other reports, and the importance of organisational culture to the effective management of risk came across well.

Board

FTSE 100: Marks and Spencer Group plc

The judges thought the company's governance reporting was excellent, with forthright discussion of the company's succession issues. The report was easy to understand and written in a personal style, with graphics that aided comprehension.

FTSE 250: Halfords Group plc

An informative description of outcomes from the performance review made this report the winner. It contained interesting material on future objectives, and training undertaken.

Improving governance disclosure in annual reports

Judges' observations

Winners were those companies who scored well against many or most of the suggested attributes for a specific award category. However, even the best reports fell short of what the judges felt could be achieved for every attribute. Moreover, winners of one award were often no better than mediocre in other categories, raising the challenge of the need for companies to understand that true high-quality disclosure is that which applies across all of the contents of the annual report. The judges recognised that this created the risk that the winner of an award in one category might become complacent about their disclosure performance more broadly – even Award winners, therefore, should be thinking about how they could improve.

The judges made these observations in particular:

- The quality of disclosure varied greatly. The worst FTSE 100 reports were far worse than the best FTSE 250 reports, and the winning FTSE 250 report was far better than most FTSE 100 reports.
- Reporting varied tremendously within individual reports. This suggests that individuals, such as committee chairs, can achieve significant improvements within annual reports, but also that the board does not always appear to take a lead to drive overall quality.
- Boards should consider how to ensure the production of a report that is consistently of a high quality, and reflects well on the company and the board as a whole.
- Some award categories were generally weaker than others, for example board reporting was often poor, demonstrating the need for companies to raise their game and strive for continuous improvement. The encouragement of the UK Corporate Governance Code (the Code) to chairs to make more use of the chairs' statement, together with its exhortation to boards to explain rather than comply, when in the best interest of the company, should help to address this concern.
- It was noticeable that those companies in more sensitive, or controversial, business activities often produced better reports. Presumably this is because they see value in doing so, helping them in managing reputational risk.
- A little extra effort and thought would make all the difference in helping some companies become potential candidates for short listing.
- The judges want to encourage companies to use an 'explain and comply/apply' approach, rather than one based on 'comply or explain'.
- More evidence is needed of progress on governance issues, on achievements and on outputs – together with well thought-out business reviews that shed meaningful light on companies' performance against objectives; bland narrative that does not provide insight is unacceptable.
- Descriptions of how the company delivers its strategy, taking account of how the board manages risks to its implementation, provides important – and valued – insights into the company, and marks it out as special in terms of the quality of its thinking.
- The narrative was more persuasive where a company provided evidence of how its governance arrangements suited its business model and its stage of development. Conversely, poor narrative reporting suggests a board that may not be fulfilling its obligations fully.
- Where practice conflicted with the Code or other guidance, the judges neither condoned the departure nor endorsed the explanation, simply acknowledging the value of the disclosure when it was well presented and argued.

Appendix: Assessment methodology

The assessment methodology for the Awards was developed out of the business case for best practice disclosure, an indicator of the quality of governance at a company. Governance can be viewed as the way in which the board leads the company to maintain and grow its legitimacy, credibility and capability. By improving its governance, a company is able to increase its chance of delivering its strategy and business plan, enhancing its reputation and protecting value over the long term. The pursuit of best practice governance offers competitive advantage, because it strengthens the process and quality of decision-making, and the overall efficiency and effectiveness of the board and the company.

The Awards aim to encourage companies to provide evidence of:

- innovative and creative forms of disclosure, which move away from boilerplate reporting that repeats or imitates the language of the Code – or of other companies – with no, or little, attempt honestly to explain the boards' activities, the company's business or its governance;
- comprehensive explanations of any departures from Code provisions and the reasons for them;
- coherent description of companies' business models, with key performance indicators and performance against targets, risk appetite, strategy and how the chief risks arising from the strategy are managed;
- the way in which the board runs itself and its committees, sets and monitors the strategy, and organises day-to-day operations and the decision-making of the business, including the embedding of risk management in the business model;
- an understanding of the links between governance, shareholder value creation and the avoidance of value destruction;
- holistic thinking that links strategy, pay, performance and risk as well as having due regard for different shareholder and stakeholder priorities;
- the company being well run with good decision-making processes, and that directors have satisfied their statutory duties, including the duty to promote the success of the company over the longer term;
- the scope for delivering improved governance disclosure and performance.

A copy of the methodology can be found under the policy events section of the ICSA website: www.icsa.org.uk.

Appendix: The challenge of improving governance disclosure

In taking account of the assessment methodology, the judges acknowledged that every company is different and each business model unique. Analysing a company's disclosure is a subjective exercise, as the reader reacts not only to the content of the report but also to other information available to him or her about the company. The judges therefore used their knowledge, skills and experience to assess companies' performance in a manner consistent not only with the guidance but also with the overall objectives of the Awards.

The judges considered that the best reports are those that offer meaningful insight into each of the areas judged. Throughout these reports there is evidence of a common thread linking to strategy and the company's core values. Comments such as 'show your working' were often heard during the analysis, emphasising the desire for reporting that goes above and beyond a simple presentation of facts or a box-ticking exercise, and moves towards a dynamic, value-based dialogue that tells the full story. This, in turn, instils confidence in the company and leads to more engaged and informed shareholders. Even amongst the winning reports, the judges felt that there was often much that could be improved. Above all, the judges were looking for evidence that the board was providing useful insight into how it is operating in the best interests of the company, with appropriate evidence.

Looking to the future, the judges recognise the challenge involved in improving performance on both governance and disclosure, and are keen to continue to incentivise companies to drive further improvement in standards, and enjoy the related business benefits. The following reflections, formulated throughout the report assessment and judging process, are offered as challenges which companies may wish to address to help them strengthen their disclosure approach. Similarly, this could help them become contenders for the Awards in 2011.

General assessment

- A sense that reporting is part of a wider philosophy of how the company is run effectively in the interests of its owners and that the company is aware of, and addresses, the concerns of its stakeholders and other audiences.
- That the report develops over time, provides updates on stated objectives and establishes goals by which the company may be assessed.
- Clarity.
- Concision.
- Completeness.

Best annual report

- An absence of boilerplate.
- Ease of comprehension.
- The report sets the tone from the top – that the board and the chair have taken time to ensure that the report accurately describes its work to provide leadership and oversight, including both positive and negative developments.
- Insight into the company, its strategy and how its board behaves and works.
- A high quality report, including meaningful reporting for each of the award categories.

Poor annual reports

- Little evidence of a guiding hand.
- Significant sections of the report remain the same over time.
- Compliance rather than transparency.
- The reader is left with no sense of what the board's chief concerns are and how it intends to achieve its objectives.
- Poor linkage between strategy and risk, including mitigating systemic risks.
- Lack of clarity about the business model, its competitive drivers, the reasons for good or bad performance against its objectives.
- Little discussion of the objectives for the future or analysis of performance against previously set objectives.

Best strategy disclosure

- Good, clear description of the business and its key drivers.
- Presentation of longer term issues, consideration of the wider market and the company's competitive position within it, and the resultant risks to the company.
- What the chief objectives of the company were in the period under review and in the future.
- How these objectives have changed (if applicable).
- To what extent objectives were met and are likely to be met.
- Effective and appropriate choice and discussion of key performance indicators, and of performance against them.
- Key objectives for the coming year.

Poor strategy disclosure

- Over-emphasis on reporting on financial metrics and with little discussion of how the results were, and will be, achieved.
- Inadequate discussion of barriers to achieving strategic objectives.
- Little comment on how board maintains oversight over strategy.
- Repetition from year to year of much of the discussion with little new insight or explanation of changes to the market, the company or other factors.
- Sketchy discussion of performance in the year under review, with over-emphasis on what went well and insufficient attention to difficulties and reasons for them.
- Little forward looking information about current and future challenges, and how they will be managed.
- Little discussion of risk within the business review.

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Best risk management disclosure

- Description of what the audit and/or risk committee actually did, rather than boilerplate. This might include examples of what work the committee did to satisfy itself that specific risk had been appropriately identified, assessed and managed.
- Identification of specific risks arising out of the company's strategy and operations (not a generic list).
- Evidence that the risks are managed appropriately with the most important risks being discussed, and not a list of all possible risks.
- Evidence that the company's risk management is dynamic (e.g. new risks being identified, development of better mitigation practice, response to external environmental changes or how high impact but low frequency risks are managed).
- Risk management seen as integral to strategy and operations rather than a compliance necessity.
- Disclosure of how controls have been improved, perhaps as a result of an incident or change, and describing how risks which have grown in importance are being managed (if applicable).
- A detailed description of the process of risk governance within the organisation, and how the effectiveness of this process is tested.

Best audit disclosure

- An understanding of the significance to shareholders of the audit function, by explaining what the committee has done during the year, and demonstrating the lack of boilerplate or laundry list reporting. Key areas include:
 - How relations with external auditors are managed (and reasons for any change, if applicable).
 - Description of how the audit committee ensures a high quality audit and that it satisfies itself that the audit firm performs to the highest professional standards whilst engaged by the company.
 - Discussion of specific accounting issues which the audit committee considered, and how it obtained comfort that the approach taken by management was appropriate.
 - Discussion on non-audit services and fees which goes beyond the legal minimum, and describes how the audit committee satisfied itself about the external auditor's independence.
 - Confirmation that the audit committee challenged and sought comfort from the external auditor on its work in the areas which drive audit quality.
 - Commentary on how the audit committee assured itself that the annual report provided a true and fair view.

Poor risk disclosure

- Insufficient discussion of how the audit and/or risk committee ensured that risk management is carried out within the company to the appropriate standard.
- Sketchy linkage between the strategy discussion, the risk reporting and the internal control statement.
- Undeveloped differentiation of the risks identified – which are the most important, which have increased in focus and which are less important.
- Little change from year to year of the risk disclosure.
- Minimal demonstration that the internal control statement is based on active and attentive risk assessment and management, rather than formal requirements.

Poor audit disclosure

- Audit committee report provides no insight or reassurance as to how it ensures a quality audit.
- No description of how the committee satisfies itself that the external auditor is independent, other than stating that the auditor has confirmed it to them.
- Little discussion on how it ensures that non-audit services do not jeopardise independence of the external auditor.
- Sketchy analysis of how the committee satisfies itself that the key accounting choices and judgments are appropriate and serve to provide a true and fair view of the company's financial statements.
- Minimal focus on how internal audit worked during the year, and its chief areas of work for the year and for the future.
- Report provides no detail of the key areas of focus for the external audit in the year under review, and how the audit committee satisfied itself that management's judgments were appropriate.

Best board disclosure

- Evidence that the chair takes personal responsibility for leading the company, and explaining how he or she leads the board and ensures that the culture of the company is one that is appropriate.
- Some description of outcomes and actions arising from evaluations.
- Some description of attributes required and/or obtained in the course of board refreshment, and why these are important to the board and company's strategic purpose.
- Disclosure of specific reasons why directors should be re-elected.
- Discussion of the mix of skills on the board and how any gaps are likely to be filled.

Best remuneration disclosure

- How remuneration policy is explicitly linked to delivery of strategy.
- Willingness to explain choice of particular targets.
- Willingness to be appropriately forward-looking.
- Acknowledgement of external and internal economic environment, and how these are factored into pay policy.
- How risk management and regulatory changes have affected remuneration policy/practice.
- How the remuneration committee has considered the negative behaviour which the choice of any particular metric may encourage, and the steps the committee will take to manage such risks.
- Reasonable explanation of any changes in policy and practice and/or use of discretion (if applicable).

Poor governance reports

- No linkage between the chair's statement and the governance report.
- Chair provides little description of the key issues facing the board and how he or she managed the board to tackle them.
- Report on the UK Corporate Governance Code is compliance driven rather than bringing to life how the board attempts to ensure that it works in the most appropriate fashion for the company in its current stage of development.
- Sections of the governance report repeated verbatim year after year.

Poor remuneration reports

- Poor linkage of sustainability to strategy.
- No identification of the key sustainability risks and opportunities to the company, particularly longer term risks.
- Fleeting, at best, discussion of how the evolution of the strategy affects the company's sustainability work.
- Reporting of examples of philanthropic giving without strategic thought.
- Platitudes about how staff are the company's greatest asset without any evidence of how its practices motivate, align and encourage staff to become more valuable to the company.

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Improving governance disclosure in annual reports

Best sustainability and stakeholder disclosure

- Recognition and evidence that long-term stakeholder interests and non-financial factors are critical and inextricably linked to a company's strategy, objectives and, ultimately, its sustainability.
- Identification of the value chain, and value drivers.
- How the company creates its future and where the alignment exists in terms of vision, values, behaviours and market positioning.
- How the company accounts for itself on Environmental, Social and Governance (ESG) matters and reports accordingly to investors.
- Evidence that the disclosure addresses the requirements of s.172 of the CA 2006.
- Identification of, and engagement with, the most important stakeholders in the business, and how this drives improvements in performance.
- Evidence that CSR is centred around risk management and opportunities (rather than mere philanthropy), with a link to strategy.
- Effective and appropriate choice and discussion of KPIs, and of performance against them.

Poor sustainability and stakeholder reporting

- Insufficient description of why pay structure is the best to recruit, retain and motivate the executives.
- Cursory explanation of the reasons for changing elements of the pay schemes, and the reasons why other options were not adopted.
- Scant attention to informing readers of what work was carried out by the committee.
- Little attempt to show how the pay scheme is the best at the current time to deliver the strategy and long-term shareholder value.
- Unconvincing use of discretion or of changing the schemes in a way to maximise alignment to investors.

Best small cap/AIM report (self-nominated category)

- An absence of boilerplate.
- Ease of comprehension.
- Insight into the company, its strategy and how its board behaves and works.

Appendix: Awards judging panel

Roger Carr (Chair)

Chairman, Centrica plc

Richard Aitken-Davies

Past President, ACCA

Frank Curtiss

Head of Corporate Governance, RAILPEN Investments

Julia Graham

Immediate Past President, AIRMIC

Chris Hodge

Head of Corporate Governance, FRC

Robert Hodgkinson

Executive Director, Technical ICAEW

Marc Jobling

Assistant Director of Investment Affairs, ABI

Colin Melvin

Chief Executive, Hermes Equity Ownership Services

David Paterson

Head of Corporate Governance, NAPF

Alec Richmond

Past President, IIA

Rachel Rowson

Company Secretary, Man Group plc

Charles Tilley

Chief Executive, CIMA

Richard Ufland

Chairman of the Committee on Company Law,
The Law Society

David Wilson

Chief Executive, ICSA

Observers

Sue Lewis

Head, Savings and Investments Team, HM Treasury

Jane Leavens

Assistant Director, Corporate Law and Governance, BIS

Appendix: Awards sponsors



Best annual report



Best board disclosure

Simmons & Simmons

Best strategy disclosure



Best remuneration disclosure

ADDLESHAW GODDARD

Best risk management disclosure



Best sustainability and stakeholder disclosure

Appendix:

Background information on ICSA and Hermes Equity Ownership Services Limited (EOS)

The Institute of Chartered Secretaries and Administrators (ICSA) is the international qualifying and Membership body for the Chartered Secretary profession, and one of the world's leading authorities on corporate governance. Chartered Secretaries are high-ranking professionals with a broad base of skills unique among the professions. Trained in law, finance and accounting, strategy, governance and ethics, Chartered Secretaries provide a focal point for independent advice and guidance about the conduct of business, governance and compliance. Highly valued by employers, they are key players with the skills, vision and values to take their organisations forward.

Through our influence with government and regulators and the work of our Members, ICSA leads in shaping the governance agenda and promoting the best practice essential for organisational performance. Our thought leadership in areas, such as boardroom behaviour, reporting and risk management, is helping to redefine the governance landscape and fuelling important debates about how best to achieve enhanced board performance.

Our position at the forefront of governance debate and practice provides a platform for a market-leading range of products and services. Many top companies worldwide already use our Blueprint company secretarial software and other related packages. Our events portfolio includes CPD-accredited conferences, training and our annual Awards dinner. We publish a range of guidance and professional reference products and also offer specialist recruitment and board evaluation services.

Hermes Equity Ownership Services Limited (EOS) helps institutional shareowners around the world to meet their fiduciary responsibilities and become active owners of public companies. EOS' team of engagement and voting specialists monitors its clients' investments in companies, and intervenes where necessary with the aim of improving performance. EOS' activities are based on the premise that companies with informed and involved shareholders are more likely to achieve superior long-term performance than those without. EOS engages with companies on key issues of an environmental, social, performance and governance nature. At all times the engagement aim is to achieve beneficial change in company behaviour and sustainable long-term value creation, not simply to register dissatisfaction or seek headlines through campaigns.

Hermes has the largest stewardship resource of any fund manager in the world. Our team includes former CEOs and other board members of public companies, as well as senior strategists, corporate governance experts, investment bankers, fund managers, lawyers and accountants. EOS' team also includes 12 nationalities and 17 languages. The depth and breadth of this resource reflects our philosophy that ownership activities require an integrated and skilled approach. Intervention at senior management and board director level should be carried out by individuals with the right skills and with credibility. Making realistic and realisable demands of companies, informed by significant hands-on experience of business management and strategy setting, is critical to the success of our engagements.

As the largest pension fund in the UK, Hermes' owner, the BTPS, has substantial interests in both its domestic and international markets. Through pooling resources with other like-minded funds to create a stronger and more representative shareholder voice, our joint company interventions can be more effective and, together, create sustainable long-term value for members and end investors.

The Institute of Chartered Secretaries and Administrators (ICSA)

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