



# Update on narrative reporting, remuneration and business ethics

**The new narrative reporting regulations have now been published and laid before Parliament and the changes apply from 1 October.**

All UK companies (except 'small' ones) will have to produce a Strategic Report. This replaces the Business Review and contains similar information. It can also be sent to shareholders who do not want to receive the full Annual Report and so replace Summary Financial Statements. A Directors' Report will still be required.

Quoted companies will have to include additional information in the Strategic Report (to the extent necessary for an understanding of the development, performance or position of the company's business), notably

- Social, community and human rights issues, including information about any policies in relation to those matters and the effectiveness of those policies
- A breakdown showing at the end of the financial year the number of persons of each sex who were directors, senior managers and employees of the company (including all undertakings consolidated in the group). 'Senior manager' means a person who is an employee and has responsibility for planning, directing or controlling the activities of the company or of a strategically significant part of it
- The annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which that company is responsible including the combustion of fuel and the operation of any facility
- The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by the company for its own use
- The environmental information described above need not be included if it not practical to obtain it but if it is not included this must be stated. Where it is included the report must state how it has been calculated
- At least one ratio which expresses the company's annual emissions in relation to a quantifiable factor associated with the company's activities

See the regulations at <http://tinyurl.com/lxfdzhc>

The new **remuneration** regime also comes into force on 1 October. Further draft regulations have just been published. We had previously expected the final regulations to be out by now and will report on them when they are published.

Where does **business ethics** feature in governance? Julia Casson has written a report on this for the Institute of Business Ethics which will be launched at the offices of the IBE in London on 27 June at 3.00 -5.00pm. Corporate governance provisions contain little explicit reference to ethics and yet ethical business behaviours are widely regarded as the key to rebuilding public trust in business. The launch will take the form of a panel debate and discussion as to what can be done to promote a more ethical dynamic in business. To attend the event please contact [events@ibe.org.uk](mailto:events@ibe.org.uk).

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For more information about any of these initiatives, or to discuss your 2013 board evaluation or governance reporting needs, contact Julia Casson at [juliacasson@boardinsight.co.uk](mailto:juliacasson@boardinsight.co.uk) or on **0844 544 6985**.

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