



The Quoted
Companies Alliance

The QCA Corporate Governance Committee Charter

We believe that Boards' corporate governance responsibilities stem from directors' stewardship responsibilities on behalf of shareholders. The concept of stewardship lies at the heart of good corporate governance.

The QCA's view is that the purpose of corporate governance is to create and maintain a flexible, efficient and effective framework for entrepreneurial management that delivers growth in shareholder value over the longer term. Corporate governance is about the way that a company is organised to create value as well as to protect value.

The Quoted Companies Alliance is committed to working with boards, investors, and regulators to promote high quality corporate governance by quoted companies, especially smaller quoted companies.

Objectives

The Committee has 3 objectives:

- To make the case that good Corporate Governance can add value;
- To help smaller quoted companies improve their Corporate Governance and the reporting of Corporate Governance; and
- To influence the direction of Corporate Governance regulation so that regulation becomes more appropriate for smaller quoted companies.

Approach

The main activities of the Committee will revolve around promoting a common understanding about what is meant by 'Corporate Governance' and the key fundamentals, such as board composition and directors' behavior, that are necessary to underpin a high standard of corporate governance. We will make the case that corporate governance is primarily about value creation, although value protection is also important.

High quality discussions about corporate governance between Boards and Shareholders can only take place if there is a high quality of reporting by companies about their corporate governance structures and processes and a willingness to engage on the part of both Boards and Shareholders. We will work with Boards, Shareholders and Regulators to improve the quality of engagement and the quality and relevance of corporate governance reporting.

We will seek to foster a culture of continuous improvement in corporate governance reporting. We will encourage Boards to keep their corporate reporting under regular review. Information provided should be understandable, avoid unnecessary complexity and clutter, and be presented in a timely fashion and in a format that makes use of modern technology where appropriate. We will similarly encourage Regulators to remain responsive to marketplace changes and to provide information to preparers on good practice. Regulators should also take a strategic rather than a piecemeal approach to their work and should periodically seek to eliminate requirements which have not been found to provide useful information.

Regulators should be in close touch with their marketplace. In a fast-changing modern market economy, if regulations are to reflect economic reality and to be practical, the regulators need to be fully in touch with their marketplace. Regulators as a team should have substantial current or recent practical experience of operating in the marketplace as a user, preparer or adviser. They should also be drawn from a broad range of backgrounds including those related to smaller listed companies as well as to global corporations.