

Dear Code Review Team,

First of all, thank you for your great work on the proposed changes to the Corporate Governance Code. Also thanks for providing the opportunity for public consultation.

Below please kindly find my comments for your reference. Hope you will find them relevant.

### **Comment 1: the role of tone at the top, corporate culture, and corporate values in strengthening corporate governance**

It is good to see the enhanced audit committee responsibilities around the integrity of environmental, social and governance reporting, mainly because of the expertise of audit committee to ensure the integrity from a 'technical' perspective. However, apart from the 'technical' perspective, tone at the top, corporate culture, and corporate values are also increasingly crucial, which may need to be emphasised in the Corporate Governance Code. That is why following the departure of its CEO Bernard Looney, [BP said in a statement](#) "The company has strong values and the board expects everyone at the company to behave in accordance with those values. All leaders in particular are expected to act as role models and to exercise good judgment in a way that earns the trust of others".

### **Comment 2: the role of Code of Ethics or Code of Conduct in strengthening corporate governance**

Following Comment 1, whether and how Code of Ethics or Code of Conduct can go hand in hand with Corporate Governance Code, or how the role of Code of Ethics or Code of Conduct can be played in strengthening corporate governance may need to be discussed and included in the revised Corporate Governance Code. Again, following the resignation of Mr Looney, [BP said](#): "Mr Looney has today informed the company that he now accepts that he was not fully transparent in his previous disclosures (on personal relationships with company colleagues)." This is not in line with the company's code of conduct. Clearly, the Code of Conduct is increasingly becoming a helping hand to strengthen corporate governance, especially in an era

when stakeholders demand corporate ethics and corporate social responsibility than ever before.

### **Comment 3: skills, experience and knowledge of board and its committees**

The existing Corporate Governance Code requires a board and its committees to have a combination of relevant skills, experience and knowledge. Although the Code calls for at least one member with recent and relevant financial experience, that threshold should perhaps be lifted for banks – especially since their fortunes are so closely tied to the businesses and households that they lend to, as I suggested in [an article published in The Conversation](#). Such a suggestion was also drawn based on the example of the collapsed SVB, where it was [revealed](#) that only one member of its board had previously made a career in investment banking, with other members coming from sectors such as healthcare and consultancy. [This is not in line with principles issued by the Basel Committee on Banking Supervision](#) – a global banking standard setter – that board members should have a range of knowledge and experience in relevant areas, including financial analysis and reporting, financial stability, information technology, risk management, regulation and corporate governance.

### **Comment 4: balance between strengthened corporate governance and capital market development**

Although the proposed changes to the Corporate Governance Code aim to further strengthen the UK's world renowned reputation for corporate governance and UK's reputation as a trusted and leading place to do business, there should be a balance between strengthened corporate governance and capital market development, especially when we see more and more companies choose to go public at overseas stock exchanges.

Once again, I hope the above comments help. Please let me know if you have any questions or need any further information.

Best regards,

Dr Erwei (David) Xiang

Senior Lecturer (Associate Professor) in Accounting and Finance

E-mail: [REDACTED]

Research: <https://www.ncl.ac.uk/business/people/profile/davidxiang.html>

[REDACTED]

[REDACTED]

Newcastle University Business School, Newcastle University  
5 Barrack Road, Newcastle upon Tyne, NE1 4SE, UK