

## **History of the UK Corporate Governance Code**

The UK corporate Governance code has, to date, been updated in responses to high profile failures in corporate governance.

The first version of the code was published in 1992 by Sir Adam Cadbury (known as the Cadbury report). The report was commissioned following a number of high profile corporate scandals in the UK, mainly involving fraud, such as 'Polly Peck', BCCI and Robert Maxwell.

The major principals covered separation of the CEO and Chairman roles, appointment of non-executive directors (NEDs) and formation of an audit committee (attended by NEDs)

In 1994 the principles of the code were appended to the London Stock Exchanges' listing rules. All listed companies were required to comply with the principals or explain why they did not.

Public outcries over executive pay (of recently nationalised firms) lead to another Code being introduced (the Greenbury report). This introduced addition principals where a remuneration committee to set executive pay and executive pay linked to long term performance were introduced.

In 1998 these two codes were brought together to form the 'Combined code'.

Over the next decade further updates were made in response to corporate failures such as Enron, Northern Rock and the Banking Crisis, with the Combined code renamed the UK Corporate Governance Code.

In the last decade code has updated three times with the aspiration to increase boardroom accountability and increase trust in business.