



Corporate governance

The Board is committed to high standards of corporate governance and believes that it is in the interest of all its stakeholders to detail how the principles of corporate governance are applied within the Group.

Corporate governance code

The Company has adopted its own corporate governance code (GMG Code) which to a large extent reflects the structure and content of the UK Corporate Governance Code (although, as an unlisted plc, there is no requirement for the Company to comply with the UK Corporate Governance Code). The GMG Code reflects the fact that the Company is unquoted and that 100% of its share capital is held by The Scott Trust Limited (STL). [The GMG Code can be viewed here.](#)

The Board

GMG's Board currently comprises the non-executive chair, Neil Berkett, three executive directors – being the chief executive, David Pemsel, editor-in-chief, Katharine Viner, and chief financial officer, Richard Kerr - and six independent directors.

Neil Berkett was appointed non-executive chair in September 2013. The role of the chair is distinct and separate from that of the chief executive and the division of responsibilities between the chair and the chief executive has been clearly established, set out in writing and agreed by the Board.

Baroness Gail Rebuck has been the senior independent director since April 2017.

All of the non-executive directors meet the independence criteria set out in the GMG Code. The chair, on appointment, met the independence criteria, but thereafter the test of independence is not appropriate by virtue of his position as chair.

David Pemsel and Katharine Viner are the only STL directors who are also directors of GMG. The chair of STL attends all Board meetings and there is a reciprocal arrangement whereby the chair of the Board is invited to attend all the STL meetings. All STL directors receive copies of financial reports and Board approved minutes on a regular basis. This results in a close relationship between the GMG Board and STL as its shareholder.

The directors and the company secretary have a wide range of business and other relevant experience and their details can be viewed [\[here\]](#).

Non-executive directors are appointed for terms of three years which can be renewed. Under GMG's articles of association, directors are subject to re-appointment by STL (as sole shareholder) at the first annual general meeting following their appointment. GMG's articles of association also require that the number of directors closest to, but not exceeding, one-third is subject to re-appointment at each annual general meeting.

A monthly financial report is provided to the directors. Board papers, which include regular and ad hoc reports, are circulated to the directors by the company secretary in advance of Board meetings to ensure Board members are supplied, in a timely manner, with the information they need. There is a written schedule of specific matters reserved for Board consideration which includes setting



and monitoring Group strategy, reviewing trading performance and the approval of significant contracts, capital expenditure, acquisitions and disposals. The Board delegates to management the detailed planning and implementation of Group strategic objectives in accordance with appropriate risk parameters. Board meetings are minuted and the minutes circulated to all Board members.

Led by the chair, the independent directors meet formally at intervals during each year without the executive directors being present. Gail Rebuck, as senior independent director, holds a meeting of independent directors, without the chair present, to review the chair's performance. The views of executive directors are taken into account at that meeting.

On appointment to the Board, directors receive appropriate briefings on the Group and its activities and follow a tailored induction programme. They visit the Group's operations and meet local management. It is expected that directors will continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on Board committees and the Company provides the necessary resources for developing and updating its directors' knowledge and capabilities.

The Board undertakes, normally at intervals not exceeding two years, a formal evaluation of its own performance and that of its committees and individual directors. Evaluation may be by self-evaluation questionnaire, or external evaluation or such other means as the Board determines to be appropriate. The last evaluation exercise was undertaken in May 2018. The chair reviews and agrees with each non-executive director their training and development needs.

All directors have access to the company secretary, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. A procedure exists for directors to take independent professional advice, at the Group's expense, if necessary, in the furtherance of their duties.

The Company maintains an appropriate level of directors' and officers' insurance which was in force throughout the financial year and at the date of approval of the financial statements. In accordance with the Company's articles of association, the directors and officers of the Company are all indemnified out of the assets of the Company, to the extent permitted by law, in respect of liabilities incurred as a result of their office. In addition to this general indemnity, the Company has also put in place a specific deed of indemnity setting out in greater detail the terms and conditions of the Company's indemnity. Neither the Company's indemnities nor directors' and officers' insurance provide cover in the event that a director or officer has acted fraudulently.

The Scott Trust Limited (STL)

In October 2008 STL acquired all the ordinary share capital of GMG from The Scott Trust, which was subsequently wound up. All of the then trustees of The Scott Trust became directors of STL. The shares in STL are held in equal numbers by five of the STL directors. The terms of the articles of association of STL ensure that its shareholders can receive no personal economic benefit from their shareholdings.

STL chooses to ensure that only a minority of its directors are executive directors of GMG. Currently Katharine Viner and David Pemsel are the only directors of STL who are also directors of GMG.



One place on the STL Board is customarily reserved for a Guardian journalist, at present Nils Pratley, who is chosen by the other STL directors in consultation with the body of Guardian journalists.

The normal tenure of all STL directors, except those in executive positions, is limited to five years, with the possibility of extension for up to a further five years following review.

Committees

The Board has a number of committees consisting of independent directors and with executive directors and senior executives in attendance. The Scott Trust investment committee includes independent directors of GMG as well as directors of STL as members.

Composition of the committees as at 1 April 2018 and frequency of meetings is set out in the table below.

Director	Audit committee	Remuneration committee	Nominations committee
Neil Berkett	Member		Chair
Jennifer Duvalier		Chair	Member
John Paton	Member		Member
Gail Rebuck		Member	Member
Coram Williams	Chair		
Yasmin Jetha		Member	
Frequency of meetings per financial year	4	3	2

Notes:

- Nick Backhouse stood down as Chair of the Audit Committee on 3rd April 2017. Coram Williams was appointed Chair on his resignation.*
- As chair, Neil Berkett normally attends meetings of the Remuneration Committee but is not a member.*
- The chief executive, David Pemsel, is not a member of any Committees but normally attends their meetings.*
- The chief financial officer, Richard Kerr normally attends meetings of the Audit Committee but is not a member of the Committee.*
- Yasmin Jetha was appointed to the Board on 1st February 2018 and joined the Remuneration Committee on 24th May 2018*

The number of meetings of the Board and committees held in the financial year ended 1 April 2018, with details of individual attendance by directors is set out in the table below.

Director	Board meetings	Audit committee meetings	Remuneration committee meetings	Nominations committee meetings
Neil Berkett	5	4	3*	2
David Pemsel	6	4*	3*	2*
Katharine Viner	6			
Richard Kerr	6	4*		
Jennifer Duvalier	5		3	2
Judy Gibbons	4		2	1
Nigel Morris	5			
John Paton	6	4		1
Gail Rebuck	6		3	2
Coram Williams	6	4		
Yasmin Jetha	2		1	

(Appointed 1 st February 2018)				
Number of meetings held	6	4	3	2

* In attendance

Notes: During the year, Yasmin Jetha was appointed as a director. Nick Backhouse resigned on 3rd April 2017 and Jimmy Wales resigned on 25th April 2017 and neither attended any Board or Committee meetings in the financial year ended 1 April 2018. Judy Gibbons resigned as a director on 30th November. During the year the composition of the Investment committee was reviewed further, with John Paton standing down as a member and Anthony Salz appointed as a further nominated STL director, and was reconstituted as a committee of the Scott Trust with two GMG Board directors attending as members.

Details of the purposes of the committees is set out below. All the committees have written terms of reference, which are subject to annual review and which are available on request from the company secretary and can be accessed [[here](#)].

Audit committee

The audit committee currently comprises three non-executive directors, and is chaired by Coram Williams, one of its members. In addition, chief executive, chief financial officer, company secretary, director of finance and tax, and senior representatives of the external auditors normally attend the committee's meetings. More than one member of the committee has recent and relevant finance experience. At least once a year, the committee meets with the external auditors and separately with the outsourced internal audit function, without executive members of the Board present. The committee makes recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors and agrees their scope of work and fees prior to the commencement of the annual audit. The committee has a written policy on the engagement of the external auditor to supply non-audit services, which clearly sets out areas where the external auditor cannot provide non-audit services, for example accounting or managing internal audit work, as it could impact on their objectivity and independence. Note 9 to the financial statements (Auditors' remuneration) contains details of the fees payable to the external auditors for audit services, audit-related services and other non-audit services.

The committee considers issues arising from the external audit and reviews the annual financial statements and written reports from the external auditors; it monitors internal financial control procedures and reviews the operation and output of the outsourced internal audit function. The committee reviews arrangements by which Group employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The committee has an agreed annual calendar of activities.

The committee's proceedings are minuted and circulated to all Board members by the company secretary. The audit committee chair reports to the Board on the outcome of audit committee meetings.

During the financial year ended 1 April 2018, the activities of the audit committee included:

- monitoring the integrity of the Group's financial statements and reviewing the significant and financial reporting judgements they contained
- oversight of the external audit strategy and review of the report by the external auditors

- oversight of the internal audit and tax functions
- receipt and review of periodic reports from the outsourced internal audit function
- consideration of internal and external audit issues
- oversight of risk management and consideration of risk management issues
- consideration of physical security processes
- consideration of issues relating to General Data Protection Regulation
- consideration of project governance processes.

Remuneration committee

The remuneration committee currently comprises three independent non-executive directors and was chaired by Judy Gibbons, one of its members until 8 November 2017. Jenny Duvalier was appointed as her successor. As chair of the Company, Neil Berkett normally attends the committee's meetings. In addition, on matters other than those concerning themselves, the chief executive and group HR director normally attend meetings.

The committee is responsible to the Board for the Group's compensation framework and for determining the remuneration packages of the executive directors and key senior managers. It retains the right to scrutinise and, if necessary, veto proposals for individuals outside this group. It advises on executive remuneration policy issues. Deloitte LLP is retained as independent advisors to the committee and the committee has access to other professional advice where necessary.

The committee's proceedings are minuted and circulated to all Board members by the company secretary. The remuneration committee chair reports to the Board on the outcome of remuneration committee meetings.

Details of Directors' remuneration are set out in the Directors' Remuneration Report which may be viewed [\[here\]](#).

Nominations committee

The committee comprises the chair and three independent non-executive directors. It is chaired by Neil Berkett (as chair of the Board).

The committee deals with the selection of and makes recommendations to the Board on the appointment of Board members, where necessary obtaining advice and assistance from internal or external legal, accounting, or other advisors and with authority to appoint external search consultants. The committee ensures that plans are in place for an orderly succession for appointments to the Board and to senior Group management and monitors senior leadership development.

STL approval is required for the appointment of the chair of the Board and group chief executive, and STL has sole responsibility for the appointment of the editor-in-chief of the Guardian.

External search consultants assist in the appointment of executive and non-executive directors where necessary.

The committee's proceedings are minuted and circulated to all Board members by the company secretary. The nominations committee chair reports to the Board on the outcome of nominations committee meetings.

Internal control

The Board is responsible for the Group's system of internal control. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has reviewed the effectiveness of the system of internal control during the year.

The key features of the internal control system are:

- a clear organisation structure with defined levels of responsibility delegated to operational management
- maintenance of comprehensive risk registers, which identify and evaluate risks and document control procedures and monitoring arrangements. Regular review and update of risk registers is embedded in executive committee and operational reporting procedures including Board review
- certain key Group functions including taxation, treasury, insurance and day-to-day administration of the investment fund are handled centrally with regular reports to the Board through the chief financial officer. The treasury function operates within Board-approved limits
- a structured process for approval of capital projects and significant contracts which includes appropriate authorisation levels
- all significant acquisitions or investments are subject to detailed internal appraisal involving both Group and operating personnel and due diligence procedures, prior to being presented to the Board for approval
- comprehensive business planning procedures which include a rigorous annual budget process, culminating in the budget for the year ahead and plans for subsequent years being approved by the Board. Forecasts are updated quarterly and presented to the Board for review and comment
- monthly management accounts which report on trading performance by operation against budget and previous year, including relevant key performance indicators and latest year-end forecasts, are provided to local and divisional management and the Board
- the outsourced internal audit function delivers independent review and assurance on the management of key business risks and on the effective operation of governance processes and systems of internal control at divisional and Group-wide levels
- regular review of business operations throughout the Group by operating and executive management.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.