



HOUSE OF LORDS

Committee for Privileges and Conduct

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11th Report of Session 2013–14

# The conduct of Lord Stephen

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Ordered to be printed 21 January 2014

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Published by the Authority of the House of Lords

*London* : The Stationery Office Limited  
£5.50

HL Paper 118

### *The Committee for Privileges and Conduct*

The Committee for Privileges and Conduct is appointed each session by the House to consider questions regarding its privileges and claims of peerage and precedence and to oversee the operation of the Code of Conduct.

Detailed consideration of matters relating to the Code of Conduct is undertaken by the Sub-Committee on Lords' Conduct.

### *Current Membership*

The Members of the Committee for Privileges and Conduct are:

Baroness Anelay of St Johns  
Lord Bassam of Brighton  
Lord Brooke of Sutton Mandeville  
Lord Brown of Eaton-under-Heywood  
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The Members of the Sub-Committee on Lords' Conduct are:

Lord Brown of Eaton-under-Heywood (*Chairman*)  
Lord Cope of Berkeley  
Lord Dholakia  
Lord Irvine of Lairg  
Baroness O'Neill of Bengarve

The Code of Conduct and the up-to-date Register of Lords' Interests are on the Internet at <http://www.publications.parliament.uk/pa/ld/ldreg.htm>

### *General Information*

General information about the House of Lords and its Committees can be found at <http://www.parliament.uk/business/lords>

### *Contacts*

General correspondence should be addressed to the Clerk of the Committee for Privileges and Conduct, House of Lords, London, SW1A 0PW (telephone 020 7219 3112).

Correspondence relating to the work of the Sub-Committee on Lords' Conduct should be addressed to the Clerk of the Sub-Committee on Lords' Conduct, House of Lords, London, SW1A 0PW (telephone 020 7219 1228).

## **THE CONDUCT OF LORD STEPHEN**

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1. The Committee has considered reports by the Sub-Committee on Lords' Conduct and the Commissioner for Standards on the conduct of Lord Stephen (annexed to this report). The reports arise out of a complaint, received on 6 September 2013, alleging that Lord Stephen had breached the Code of Conduct in three respects (see annex 2, paragraph 5).
2. The Commissioner found that Lord Stephen had breached the Code of Conduct in one respect, by failing to register all his directorships. Lord Stephen accepted this finding and took appropriate remedial action by way of a formal apology to the chairman of the Sub-Committee on Lords' Conduct and by registering all the directorships.
3. The Sub-Committee on Lords' Conduct, to which, in accordance with the Guide to the Code of Conduct, the Commissioner presents his reports, has accepted the Commissioner's conclusion and the remedial action by Lord Stephen.
4. We endorse the Commissioner's conclusion and that of the Sub-Committee, and conclude that no further action is required.
5. **We make this Report to the House for information.**

## ANNEX 1: REPORT FROM THE SUB-COMMITTEE ON LORDS' CONDUCT

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1. The Commissioner for Standards has submitted the attached report upholding one element of a complaint made against Lord Stephen.
2. The complaint alleged that Lord Stephen breached the Code of Conduct by not registering in the Register of Lords' Interests all of his directorships.
3. The Commissioner found Lord Stephen to have breached the Code of Conduct by not registering them. Lord Stephen accepted this finding and the Commissioner agreed with him remedial action in the form of a letter of formal apology to the chairman of the sub-committee (which is reprinted as an appendix to the Commissioner's report). Lord Stephen has now registered all his directorships.
4. We welcome Lord Stephen's acceptance that he breached the Code of Conduct and his apology for that breach. **We do not consider that any further sanction is appropriate.**

## ANNEX 2: REPORT BY THE HOUSE OF LORDS COMMISSIONER FOR STANDARDS

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### Summary of complaint

1. On 6 September 2013 Mr Ing Jeff van Weereld wrote to me with a complaint against Lord Stephen (appendix A). Mr van Weereld alleged that Lord Stephen had breached the Code of Conduct in three respects. First, he alleged that Lord Stephen had not registered in the Register of Lords' Interests all of his directorships. Secondly, the complainant alleged that Lord Stephen had breached paragraph 7 of the Code (which requires members to resolve any conflict between their personal interest and the public interest at once, and in favour of the public interest) in his contributions on the Energy Bill on 18 June 2013 about increasing the feed-in tariff from 5MW to 10MW and 25 July 2013 about changing renewable energy certificates. Thirdly, the complainant alleged that a company of which Lord Stephen is a director had submitted applications for wind turbine developments which were inaccurate and dishonest; the complainant questioned whether that was compatible with the concepts of "honesty" and "personal honour" in the Code of Conduct.
2. As part of my preliminary assessment of the complaint, I wrote to Lord Stephen on 16 September 2013 (appendix B) and invited him to clarify whether he was a director of the companies cited in the first element of the complaint, and whether there was a relationship between the companies. Lord Stephen replied by email on 1 October 2013 (appendix C).
3. Also as part of my preliminary assessment I examined Lord Stephen's speeches on the Energy Bill on 18 June 2013 and 25 July 2013. On both occasions he began by referring to his registered interests. I found nothing in his speeches which suggested there was a conflict between his personal interest and the public interest; and no evidence was provided to support that proposition. Accordingly, I dismissed the second element of the complaint.
4. I also dismissed the third element of the complaint (about planning applications) as part of my preliminary assessment because it related to non-parliamentary business and so clearly fell outside my remit.
5. Thus, the only allegation made by the complainant which I considered merited investigation was that related to Lord Stephen's entry in the Register of Lords' Interests.
6. I advised the complainant of the outcome of my preliminary assessment on 8 October 2013 (appendix D) and wrote to Lord Stephen (appendix E) advising him that I was investigating the element of the complaint about registering interests. I invited Lord Stephen to provide any further information (additional to his email of 1 October 2013) that was relevant or necessary in order for me to have a full and accurate account of the matter. Lord Stephen responded by email on 29 October 2013 (appendix F).

### Key facts

7. The complainant alleged that Lord Stephen had registered only one out of 10 directorships. In his first response to me Lord Stephen said that he had recently reviewed his entry on the Register of Lords' Interests and had added two directorships (one of which was one of the companies mentioned in the complaint)

to category 1, which covers remunerated directorships. He confirmed that he was a director of the other eight companies mentioned in the complaint.

8. The issue, therefore, was whether Lord Stephen should have registered the directorships of those eight companies, none of which was remunerated.

9. Category 1 of the Guide to the Code of Conduct requires remunerated directorships to be registered, with “remuneration” including salaries, fees and taxable expenses, allowances and benefits. Paragraph 47 of the Guide (which explains the requirements of category 1) finishes: “Other unremunerated directorships should be registered under category 10 (Non-financial interests).”

10. Paragraph 79 of the Guide, which describes category 10, begins:

“Certain non-financial interests may reasonably be thought to affect the way Members of the House of Lords discharge their public duties, and must therefore be registered in this category. The following non-financial interests are always relevant and therefore must be registered:

(a) Unremunerated directorships or other regular employment;”.

It goes on to say that the Registrar of Lords’ Interests is available to advise members in cases of uncertainty.

11. In his responses to me Lord Stephen said that, when he had recently carefully reviewed his entries in the Register, he had decided that the eight unremunerated directorships did not need to be registered. This was because his role as director of the companies had a financial benefit to him—albeit that he is not a remunerated director—in that he is a shareholder in the companies and so he would benefit financially from dividends and any rise in capital value of the companies. They could not be considered unremunerated directorships, as some financial advantage might accrue from them. But nor could they be considered remunerated directorships, because they did not fall within the descriptions of category 1. He therefore regarded them as financial interests of the type that do not need to be registered (such as a shareholding below £50,000 in value and which is not a controlling interest).

12. Lord Stephen suggested that the wording in paragraph 79(a) of the Guide (quoted above) was open to different interpretations: one being that it covers “regular employment” which is unremunerated—whether by way of an unremunerated directorship or some “other regular” unremunerated employment—in which case unremunerated directorships of themselves would not need to be registered, as the office of director on its own is not classed as employment.

13. He also said that the Code and Guide contained no clear statement that all directorships should be registered, and that if that was the intention of the Code such a statement would be beneficial. He thought it would be unusual for the requirements of category 10 to be interpreted by reference to the wording in category 1.

14. Lord Stephen said that if he had misinterpreted category 10(a) then he would wish to apologise and correct the position. All of his directorships were publicly registered at Companies House, so he had no reason not to disclose them if that was the requirement of the Code.

## Findings

15. In my opinion the requirements of the Code and Guide are clear. Remunerated directorships should be registered under category 1 and unremunerated directorships under category 10. The wording of paragraph 79(a) of the Guide should be given its natural meaning: that unremunerated directorships should be registered. That is reinforced by the wording of paragraph 47 of the Guide.

16. I therefore find that Lord Stephen should have registered in category 10 those of his directorships which were not registered in category 1. In not doing so, he was in breach of paragraph 10(a) of the Code.

17. Even if I had found the wording of paragraphs 47 and 79 of the Guide to be ambiguous, in my opinion the directorships referred to in the complaint might reasonably be thought to influence how the member would discharge his parliamentary duties and so, applying the objective test of a relevant interest set out in paragraph 11 of the Code, should be registered. To look at it another way, it would be odd if members were required to register directorships in which they have no financial interest, but not required to register directorships from which they stand to gain financially.

18. The above interpretation of the Code and Guide as regards unremunerated directorships is, I understand, consistent with the advice given by the Registrar: namely, that all directorships should be registered either in category 1 or 10. Paragraph 80 of the Guide states that the Registrar is available to advise members in cases of uncertainty about whether to register under category 10. Similarly, paragraph 3 of the Guide encourages members to seek the advice of the Registrar when in doubt; and paragraph 23 of the Code states that a member who acts on the advice of the Registrar satisfies the requirements of the Code fully.

19. Although I find Lord Stephen to have breached paragraph 10(a) of the Code, I am satisfied that the failure properly to register his interests was occasioned only by a mistaken interpretation of the Code's requirements. I therefore consider this case to be one to which remedial action under paragraph 123 of the Guide is appropriate. The breach was minor, was acknowledged by Lord Stephen and is easily remediable. Lord Stephen has written to the chairman of the Sub-Committee on Lords' Conduct (appendix G) apologising for not properly registering all his directorships. He has now registered those directorships under category 10.

20. Once the complaint was brought to Lord Stephen's attention, he fully engaged with my investigation and was co-operative throughout. He twice apologised to me for any misinterpretation of the Code, in addition to his letter of apology to the chairman of the sub-committee, and has duly amended his entry in the Register. I respectfully submit that no further action is required in this case.

21. The sub-committee will, as part of its remit to keep the Code and Guide under review, doubtless consider Lord Stephen's suggestion that the Code or Guide might benefit from a simple statement that all directorships should be registered.

Paul Kernaghan CBE QPM  
Commissioner for Standards

### Appendix A: Letter from Mr Ing Jeff van Weereld to the Commissioner, 6 September 2013

1. I note that Lord Stephen only lists one directorship in the register of members' interests, whereas in fact he is a director of the following 10 companies:

- Renewable Energy Ventures Limited, SC354610, Director, from 05 Feb 2009
- REV Holding Company No.1 Limited, SC405192, Director, from 06 Sep 2011
- Rev Project Company No. 1 Limited, SC405193, Director, from 06 Sep 2011
- Renewable Energy Ventures (Kellas) Limited, SC444849, Director, from 12 Mar 2013
- Renewable Energy Ventures (Gevens) Limited, SC444848, Director, from 12 Mar 2013
- Renewable Energy Ventures (Brotherton) Limited, SC444855, Director, from 12 Mar 2013
- Renewable Energy Ventures (Offshore) Limited, SC447253, Director, 10 Apr 2013
- Pilot Offshore Renewables Limited, SC447614, Director, from 15 Apr 2013
- Renewable Energy Ventures (Learney) Limited, SC453306, Director, from 27 Jun 2013
- Renewable Energy Ventures (Burnside) Limited, SC453372, Director, from 28 Jun 2013

I believe this to be in breach of Code of Conduct Rule 13 and paragraphs 46 and 47 of the Guide to the Code of Conduct.

2. It is doubtful whether Lord Stephen followed rule 7 of the Code of Conduct during discussions regarding the energy bill. More specifically his statements of 18th June 2013 on the increase of the Feed In Tariff limit from 5MW to 10MW, and those during the debate of 25th July 2013 relating to the change from Renewable Obligation Certificates to Contracts. It is my perception, as a reasonable member of the public, that both changes could be beneficial to Lord Stephen's commercial interests, but less so to the public interest.

3. Lord Stephen's company Renewable Energy Ventures (Burnside) Limited has recently submitted its 4th application for a wind turbine development near Burnside, Cushnie, in Aberdeenshire. The size of the development requires an Environmental Impact Assessment (EIA) to be presented with the planning application. An EIA is understood to be an honest and fair description of the status quo in the affected area, and the changes that can reasonably be expected from the development.

Previous applications were:

- APP/2011/0174 withdrawn after the planning office informed the applicant of significant errors and inaccuracies in the EIA.



- APP/2011/3185 withdrawn after factual inaccuracies were pointed out to the applicant.
- APP/2012/1695 refused for non-compliance with planning policies, and insufficient information in the EIA
- APP/2013/2279 the current application is being processed by the planning service. A large amount of inaccurate information and misdirection has again been identified in the EIA.

Although the inaccurate information and/or misdirection may originate from the landowner of the site or have been generated through incompetence of the applicant's agent, the final responsibility for the document lies with the applicant: Renewable Energy Ventures (Burnside) Limited, and its director, Lord Stephen.

I have difficulty comprehending how the submission of a document containing inaccurate and dishonest information to a local government body can be equated to the concepts of 'honesty' and 'personal honour' referred to in the Code of Conduct.

### **Appendix B: Letter from the Commissioner to Lord Stephen, 16 September 2013**

I have received a complaint that you have breached the House of Lords Code of Conduct and am currently conducting a preliminary assessment of it. A major limb of the complaint concerns your entry in the Register of Lords' Interests. The complainant claims that you have registered only one directorship (Renewable Energy Ventures Ltd) though you are in fact a director of 10 companies.

May I ask (a) whether you are a director of all of the companies on the annexed list; (b) whether there is a relationship between any of the companies on the annexed list; and (c) if so, what that relationship is?

#### *Annex: list of companies in complaint against Lord Stephen*

Renewable Energy Ventures Ltd  
REV Holding Company No. 1 Ltd  
Rev Project Company No. 1 Ltd  
Renewable Energy Ventures (Kellas) Ltd  
Renewable Energy Ventures (Gevens) Ltd  
Renewable Energy Ventures (Brotherton) Ltd  
Renewable Energy Ventures (Offshore) Ltd  
Pilot Offshore Renewables Ltd  
Renewable Energy Ventures (Learney) Ltd  
Renewable Energy Ventures (Burnside) Ltd

### **Appendix C: Email from Lord Stephen to the Commissioner, 1 October 2013**

I am obviously concerned to have been the subject of a complaint to you and would like to respond as helpfully as possible.

In order to do this, I should perhaps explain some of the background.

Firstly, I updated my entries in the Register of Interests on 2 September 2013. I registered the directorship of two companies:

- (1) Energisation Ltd (a new company, incorporated in August 2013); and
- (2) REV Project Company No. 1 Ltd.

I also registered a shareholding in Energisation Ltd, as I hold all the shares in this company and therefore control it. (I do not control any other company.)

I registered my directorship in REV Project Company No.1 Ltd, as I hope to receive remuneration for this directorship soon, but have not yet.

I reviewed all my other directorships at this time in a careful and considered way. I concluded that they were accurate and up to date, except that I had not (and still have not) received any remuneration from my directorship of Renewable Energy Ventures Ltd. I decided, however, to leave this entry unchanged in the Directorship section of my register of interests section, as it remains my expectation that a salary will become available from this company in due course.

My understanding was that non remunerated directorships of a business nature did not need to be declared.

I regarded my non remunerated directorships as being business interests of a financial nature.

As only remunerated directorships are covered under Category 1: Directorships, I was clear that these directorships did not require to be registered under this category.

If I am incorrect, I am slightly unclear as to why members of the House of Lords are not simply asked to declare all directorships. Does the quite detailed wording of Category 1 not imply that there are some directorships that do not need to be declared?

I am certainly of the view that my role as a director of these companies has a financial benefit to me—even though I am not remunerated. This is because I am a shareholder in these companies and if, through my directorship, I can create or increase value in the companies, that will benefit me. (There is also the potential, though not immediate, of future employment or remuneration from the companies.)

I now turn to Category 10—Non Financial Interests. I should start by saying that I regarded this section as being very much about involvement with public bodies, pressure groups, trade unions, charities and voluntary groups—on a non-financial, non remunerated basis. I did not believe that this section was about business or financial interests.

Indeed, this is why I have declared my non remunerated directorship of The Grampian Youth Orchestra Ltd under this category. I am a director of the company, but have no financial or business involvement.

I can see that—on another interpretation—my unpaid business directorships could fall into section a. of this category, but until I received your letter, I had not considered that this might be the case.

As I have mentioned, I believed that that my unpaid business directorships were covered under Category 1 and did not have to be registered.

It would clearly have been straightforward for me to register these directorships—and obviously they are all publicly declared through Companies House. I simply

did not believe that the directorships required to be declared as I regarded them as a non-declarable financial interest—in the same way that a shareholding in a company that is less than a controlling interest, or less than £50,000 in value does not constitute a registrable interest, although such a shareholding is clearly a financial interest and can have quite substantial financial value.

I have now had the opportunity to look again at the detailed wording of section a. of Category 10. It refers to:

“(a) Unremunerated directorships or other regular employment”

On one interpretation of this, the clause is referring to “regular employment” which is unremunerated—whether by way of employment through an “unremunerated directorship” or some “other” form of unremunerated employment.

On this interpretation there is a clear argument that I would not need to register my directorships, as I have no employment or service contract with any of the companies involved. I purely hold the office of director in these companies—which as I understand it on its own is not classed as employment.

I can appreciate that on another interpretation, it could be argued that the section refers to either “unremunerated directorships” and separately “other regular employment”—or perhaps even “unremunerated other regular employment.” But on these interpretations I am not sure why the word “other” would be used, to qualify the words “regular employment”—except if it was to pull in the reference to “directorships” as a form of employment?

These possible different interpretations of the clause start to get quite complex—but are nevertheless potentially relevant and important where there is ambiguity or potential uncertainty, particularly in the circumstances of a complaint.

I do feel that the wording of Category 10 a) is somewhat ambiguous. If I have misinterpreted it, I would obviously wish to apologise and correct the position as quickly as possible.

I fully appreciate that the simple approach would have been to register all my directorships—both remunerated and unremunerated—and if this is the intention of the code, I would certainly adopt this approach in the future.

I hope you will appreciate, however, that I gave all of this very careful consideration before submitting my entries to the Registrar—and that, due to the ambiguity, it was possible, in good faith, to come to a different view.

As I have mentioned, my directorships are all publicly registered at Companies House and there would be no reason for me not to disclose them if I had believed that this was required.

On a separate but, in the circumstances, very important point, my registration of my shareholding and directorship in Renewable Energy Ventures Ltd—disclosed in the register as a “renewable energy development company”—makes clear my business interest in renewable energy to anyone looking at the register. None of the other companies that I am a director of extend or change my business interests in any way. They have each been created to carry forward work started by Renewable Energy Ventures Ltd. (I could obviously provide you with more information on this, if you believe that it would be helpful.)

I have also made reference to my registered interests whenever I speak on energy matters in the House of Lords.

I hope that this is helpful background to your letter and to your questions.

I am pleased to be able to answer your specific questions as follows:

a) Yes, I am a non remunerated director of all the companies listed.

I have declared a directorship of two of the companies as I hope to become remunerated by them—but as yet this has not occurred. So I am not remunerated by, nor do I have a service contract, contract of employment or regular employment from any of the companies.

b) Yes, there is a relationship between some of the companies.

c) Renewable Energy Ventures Ltd holds 90% of the ordinary shares in REV Holding Company No.1 Ltd.

REV Holding Company No.1 Ltd holds all the ordinary shares in REV Project Company No.1 Ltd.

Renewable Energy Ventures (Offshore) Ltd holds 50% of the ordinary shares in Pilot Offshore Renewables Ltd.

The other companies have common shareholders, but no inter-company shareholding and on this basis I would not regard them as having a relationship.

#### **Appendix D: Letter from the Commissioner to Mr Ing Jeff van Weereld, 8 October 2013**

I am writing in response to your letter of complaint dated 6 September 2013 about Lord Stephen. I have conducted a preliminary assessment of your complaint and have decided formally to investigate the allegation that Lord Stephen did not register in the Register of Lords' Interests all of his directorships.

Your complaint also alleged that Lord Stephen did not adhere to paragraph 7 of the Code of Conduct in his contributions to the Energy Bill on 18 June 2013 and 25 July 2013. I have reviewed Lord Stephen's contributions on those occasions. I note that he declared interests by referring to his entries in the Register of Lords' Interests. I cannot see anything in either of his speeches which suggests that there was a conflict between his personal interest and the public interest; and no evidence has been provided to support that proposition. Accordingly, I have dismissed that element of the complaint.

Your complaint made a further allegation about the accuracy of an environmental impact assessment presented by Renewable Energy Ventures (Burnside) Ltd as part of a planning application. That matter relates entirely to Lord Stephen's non-parliamentary activities and so, in accordance with paragraph 110 of the Guide to the Code of Conduct, I have dismissed that element of the complaint.

You are welcome to submit any additional evidence related to your complaint.

My investigation is covered by parliamentary privilege and all evidence and correspondence must remain confidential unless and until it is published by the Committee for Privileges and Conduct. I will notify you of the outcome of your complaint in due course. However, I should advise you that it may be some weeks or months before the matter is finalised.

#### **Appendix E: Letter from the Commissioner to Lord Stephen, 8 October 2013**

As I mentioned to you in my letter of 16 September 2013, I have received a complaint that you have breached the Code of Conduct by not registering in the

Register of Lords' Interests all of your directorships. I attach for your information a copy of the letter I have received from the complainant (Ing Jeff van Weereld).

I advised you in my letter of 16 September 2013 that I was conducting a preliminary assessment of the complaint. At that stage, I wanted to ascertain whether there was any relationship between the companies that were mentioned in the complaint. Having considered your reply of 1 October 2013 I have now decided that it would be in everyone's interests if I investigated the complaint further.

As this is now a formal investigation, the Guide to the Code of Conduct requires me to set out the provisions of the Code that, on the basis of the complaint, it appears may have been breached. They are:

10. In order to assist in openness and accountability Members shall:
  - (a) register in the Register of Lords' Interests all relevant interests, in order to make clear what are the interests that might reasonably be thought to influence their parliamentary actions; ...

12. The test of relevant interest is therefore not whether a Member's actions in Parliament will be influenced by the interest, but whether a reasonable member of the public might think that this might be the case. Relevant interests include both financial and non-financial interests.

13. Members are responsible for ensuring that their registered interests are accurate and up-to-date. They should register any change in their relevant interests within one month of the change.

I also draw your attention to the seven general principles of conduct identified by the Committee on Standards in Public Life and incorporated into the Code of Conduct.

I invite you to provide in writing any further information that is relevant or that is necessary in order for me to have a full and accurate account of the matters in question. A response by 29 October 2013 would greatly assist me in investigating this matter in a timely fashion. Alternatively, if you have nothing to add to your email of 1 October 2013 I am happy to accept that as your full response to the complaint.

The complainant also alleged that you did not adhere to paragraph 7 of the Code of Conduct (quoted above) in your contributions to the Energy Bill on 18 June 2013 and 25 July 2013. I have reviewed your contributions on those occasions. I note that you declared interests by referring to your entries in the Register of Lords' Interests. I cannot see anything in either of your speeches which suggests that there was a conflict between your personal interest and the public interest; and no evidence was provided by the complainant to support that proposition. Accordingly, I have dismissed that element of the complaint. The complainant made a further allegation about the accuracy of an environmental impact assessment presented by Renewable Energy Ventures (Burnside) Ltd as part of a planning application. That matter relates entirely to your non-parliamentary activities and so, in accordance with paragraph 110 of the Guide to the Code of Conduct, I have dismissed that element of the complaint. You do not need to respond to either of the elements of the complaint mentioned in this paragraph.

I attach for ease of reference a copy of the Code of Conduct for Members of the House of Lords and Guide to the Code of Conduct (second edition: November 2011).

## Appendix F: Email from Lord Stephen to the Commissioner, 29 October 2013

Thank you for your letter of 8 October, which clearly sets out the terms of your investigation. I fully understand your position and regard the approach that you have set out as both fair and reasonable.

As you mention, I have already provided you with a considerable amount of information and I trust that this will assist you in your assessment of the complaint.

I have carefully considered whether to provide any additional information.

I believe that the facts are reasonably clear and that the issue is one of appropriate interpretation of the code of conduct and the associated guide to the code of conduct.

I therefore intend to summarise only a few brief points in this email.

Firstly, I have presumed that in looking at the provisions of the code that you have indicated to me may have been breached, compliance with the terms of the guide to the code of conduct can be relied on to achieve the standards set out in the code. If not, then the test in the code of whether “a reasonable member of the public might think that” a Member’s actions in Parliament will be influenced by an interest becomes potentially quite subjective. The guide helps considerably by providing far greater detail and certainty, but this does not mean that it is wholly unambiguous in all respects.

Looking now at the terms of the guidance to the code, it has been suggested to me that the intention of Parliament may have been that all directorships should be registered somewhere in the register.

If this is indeed the case then I would apologise, as I have clearly come to a different view.

I have read both the code and the guide to the code of conduct carefully and have not been able to find any clear statement that all directorships should be registered.

Such a statement would clearly be beneficial—if this is indeed the intention of the code.

Looking in detail at the requirements of the guide to the code, unfortunately the position on directorships appears somewhat ambiguous

Turning first to the wording in “Category 1—Directorships”, it is stated that only remunerated directorships (including those that are not directly remunerated) must be registered under this category.

Thereafter, in this same category, there is wording which indicates that “other unremunerated directorships should be registered under category 10—Non financial interests.”

But it is not made clear whether all unremunerated directorships should be registered under Category 10, or whether this is intended to mean only those unremunerated directorships that are required to be registered in terms of the actual requirements of Category 10 itself.

It would seem most unusual if the wording of “Category 10—Non financial interests” had to be interpreted by reference back to wording in Category 1 and in

a manner that then included financial interests in “Category 10—Non financial interests”.

It seems to me a reasonable assumption to make, that the registration of unremunerated directorships under category 10 should have to follow the requirements of category 10.

Turning now to the detailed wording of “Category 10—Non financial interests”, it is made clear several times that this category relates to “non financial interests.”

As I have explained, the directorships that I have not registered are clearly financial interests.

I stand to gain from my actions as a director of the companies through, for example, potential dividends from the companies, the rise in capital value of the companies and possible future income that I might earn from the companies.

This is not the case with other non-financial directorships that are held by me or by other Peers. A good example of this would be my directorship of Grampian Youth Orchestra Limited. However well I fulfil my responsibilities as a director in that company, it will never have any financial benefit to me as it is clearly a non-financial interest.

In addition, I have previously referred to the rather unusual wording of category 10(a), where the phrase “unremunerated directorships or other regular employment” is used. I will not repeat the discussion about the ambiguity of this wording here.

I do hope that these additional comments are of some assistance to you.

I would conclude by emphasising that:

- all my directorships are a matter of public record at Companies House. Indeed every time that a new directorship is created, a list of all other directorships must be provided by the person concerned to Companies House. All my directorships are public knowledge and can be easily sourced online.
- my interests in the renewable energy sector are clear from my entries in the register of interests. Any member of the public would be aware of my financial interest in the renewable energy sector from my registration of shareholdings and directorships.
- in terms of the guide to the code of conduct, there are certain financial interests that do not require to be registered—for example certain shareholdings of less than £50,000 in value. My interpretation of the guide to the code was that my financial interests as an unremunerated director fell into this category.

Finally, I would like to emphasise that I have always given the issue of registration of my interests very serious and careful consideration. I do hope that the information I have provided gives a full and clear account of the approach that I have taken and the interpretation that I have made of the code and the guide to the code in relation to this issue. If for any reason I have in your judgment come to an incorrect view, I would wish to apologise and immediately correct any error.

**Appendix G: Letter from Lord Stephen to the chairman of the Sub-Committee on Lords' Conduct, 8 November 2013**

I write in relation to the investigation made by Mr Paul Kernaghan, the Commissioner for Standards, into my registration of interests.

Mr Kernaghan has helpfully set out the correct interpretation of the Code of Conduct and the Guidance in relation to my unremunerated renewable energy directorships.

I fully accept Mr Kernaghan's findings and I would like to apologise for not declaring these directorships. The interests have now all been registered as proposed under "Category 10: Non-financial interests."

Mr Kernaghan has kindly let me know that he has some sympathy with the suggestion that the Code might benefit from a simple statement that all directorships should be registered. I understand that this proposal will be referred to in Mr Kernaghan's report to the Sub-committee and I very much welcome this.

In mitigation, I would like to emphasise that my entries in the Register made clear my business interest in renewable energy and I have declared that interest at all relevant times in the proceedings of the House.