

UK Corporate Governance Code consultation



On 24 May 2023 the FRC published a consultation document on changes to the UK Corporate Governance Code, last updated in 2018. The FRC claims that the changes are designed “to enhance the Code's effectiveness in promoting good corporate governance” and include:

- Setting out a revised framework of prudent and effective controls to provide a stronger basis for reporting on, and evidencing their effectiveness.
- Improving the functioning of comply-or-explain, taking account of recently published FRC research and reports.
- Making necessary revisions to reflect the responsibilities of the board and audit committee for sustainability and ESG reporting, and associated assurance in accordance with a company's audit and assurance policy.
- Updating the Code to ensure that it aligns with changes to legal and regulatory requirements as set out in the Government's response to the Restoring Trust in Audit and Corporate Governance White Paper, including strengthening reporting on malus and clawback arrangements.

Although only companies with a premium listing are required to follow the provisions of the Code, it is expected that its provisions will filter down into other corporate governance codes and expected market practice over time.

The deadline for responses is 13 September 2023. It is anticipated that the revised Code will be effective for companies with financial years starting 1 January 2025.

If you have any questions or would like to discuss the consultation and proposed changes further, please get in touch with one of our Directors.