

UK Corporate Governance Code – Consultation Responses

Consultation Question	Response
Q1: Do you agree that the changes to Principle D in Section 1 of the Code will deliver more outcomes-based reporting?	Yes.
Q2: Do you think the board should report on the company's climate ambitions and transition planning, in the context of its strategy, as well as the surrounding governance?	To the degree that additional reporting further enhances the understanding of the organisations corporate commitments to environmental and social matters, we support the requirement.
Q3: Do you have any comments on the other changes proposed to Section 1?	No.
Q4: Do you agree with the proposed change to Code Principle K (in Section 3 of the Code), which makes the issue of significant external commitments an explicit part of board performance reviews?	We agree with the principle, raising the discussion point as part of a Board review is a healthy discussion to have to ensure appropriate time and effort is given to the organisation.
Q5: Do you agree with the proposed change to Code Provision 15, which is designed to encourage greater transparency on directors' commitments to other organisations?	We feel this would create a more onerous reporting environment without adding a proportionate amount of value. To know through Principle K and the related disclosure that the Board have included the assessment of time and effort as part of their discussion/review would feel sufficient.
Q6: Do you consider that the proposals outlined effectively strengthen and support existing regulations in this area, without introducing duplication?	We support in principle the changes but recognise the importance of ensuring the requirements lead to an appropriate level of reporting.
Q7: Do you support the changes to Principle I moving away from a list of diversity characteristics to the proposed approach which aims to capture wider characteristics of diversity?	We support in principle the changes but recognise the importance of ensuring the requirements lead to an appropriate level of reporting. If providing greater transparency on a wider range of diversity characteristics helps with this then we are in support of the changes.
Q8: Do you support the changes to Provision 24 and do they offer a transparent approach to reporting on succession planning and senior appointments?	<p>We acknowledge the disclosures would provide a greater depth of transparency, and providing more detail on approaches to succession planning would be beneficial.</p> <p>However, we do feel the increased reporting already made about other diversity factors would be sufficient for the reader to understand the commitment being made. Detailing corporate targets should be kept to an appropriate disclosure level to not create a too onerous reporting regime.</p>

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<p>Q9: Do you support the proposed adoption of the CGI recommendations as set out above, and are there particular areas you would like to see covered in guidance in addition to those set out by CGI?</p>	<p>We support the proposals.</p>
<p>Q10: Do you agree that all Code companies should prepare an Audit and Assurance Policy, on a ‘comply or explain’ basis?</p>	<p>Yes.</p>
<p>Q11: Do you agree that amending Provisions 25 and 26 and referring Code companies to the Minimum Standard for Audit Committees is an effective way of removing duplication?</p>	<p>Yes, removing duplication is important whilst not losing visibility of key requirements.</p>
<p>Q12: Do you agree that the remit of audit committees should be expanded to include narrative reporting, including sustainability reporting, and where appropriate ESG metrics, where such matters are not reserved for the board?</p>	<p>Important to ensure that there is no duplication, and it is advantageous to keep the reporting around ESG and sustainability to as few places in the Annual Report as possible to ensure the reader has as full picture as possible. It’s planned that our Audit & Assurance Policy will include details of assurance over non-financial reporting and metrics.</p>
<p>Q13: Do you agree that the proposed amendments to the Code strike the right balance in terms of strengthening risk management and internal controls systems in a proportionate way?</p>	<p>The proposed amendments will create a more robust framework for risk management and internal controls, the proportionality of which is still to be fully discovered as we embark on the project to scope and fully deliver the requirements as we currently understand them.</p>
<p>Q14: Should the board’s declaration be based on continuous monitoring throughout the reporting period up to the date of the annual report, or should it be based on the date of the balance sheet? FRC UK Corporate Governance Code consultation document May 2023 31</p>	<p>The status at the balance sheet date should be referenced, but also important to give clarity on the period covered by the declaration in order to provide as full a picture as possible.</p>
<p>Q15: Where controls are referenced in the Code, should ‘financial’ be changed to ‘reporting’ to capture controls on narrative as well as financial reporting, or should reporting be limited to controls over financial reporting?</p>	<p>Limiting reporting controls to financial reporting would keep the definition simpler, with assurance over non-financial metrics and information covered within the Audit & Assurance Policy.</p>
<p>Q16: To what extent should the guidance set out examples of methodologies or frameworks for the review of the effectiveness of risk management and internal controls systems?</p>	<p>More guidance and examples will help organisations prepare, give organisations greater confidence they are following a sensible path, at the same time helping develop best practice.</p>
<p>Q17: Do you have any proposals regarding the definitional issues, e.g. what constitutes an effective risk management and internal controls system or a material weakness?</p>	<p>Our internal definition of a material weakness is a control weakness that could result in a material misstatement in the financial reporting for any given entity. Materiality is assessed on a similar basis to the methods used by our external auditors.</p>

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Q18: Are there any other areas in relation to risk management and internal controls which you would like to see covered in guidance?	None noted.
Q19: Do you agree that current Provision 30, which requires companies to state whether they are adopting a going concern basis of accounting, should be retained to keep this reporting together with reporting on prospects in the next Provision, and to achieve consistency across the Code for all companies (not just PIEs)?	Yes.
Q20: Do you agree that all Code companies should continue to report on their future prospects?	Yes.
Q21: Do you agree that the proposed revisions to the Code provide sufficient flexibility for non-PIE Code companies to report on their future prospects?	Yes.
Q22: Do the proposed revisions strengthen the links between remuneration policy and corporate performance?	Yes.
Q23: Do you agree that the proposed reporting changes around malus and clawback will result in an improvement in transparency?	Yes. Keeping the reporting to the level proposed within Provision 40 will also ensure the depth of reporting remains proportionate.
Q24: Do you agree with the proposed changes to Provisions 40 and 41?	Yes.
Q25: Should the reference to pay gaps and pay ratios be removed, or strengthened?	We support the reduction in duplication.
Q26: Are there any areas of the Code which you consider require amendment or additional guidance, in support of the Government's White Paper on artificial intelligence	None noted.