



Catherine Horton
Financial Reporting Council
8th Floor
125 London Wall
London EC2Y 5AS

Amsterdam, 22 February 2018

SUBJECT: Consultation on the Proposed Revisions to the UK Corporate Governance Code

Dear Catherine Horton,

I would like to express my appreciation for the Proposed Revisions to the UK Corporate Governance Code. GRI praises the approach taken to ensure that the Code continues to promote constant improvement in the quality of corporate governance. This demonstrates global leadership for better alignment of businesses' purpose, strategy, values and corporate culture, through principles of transparency. In this context, the GRI Standards can serve as an instrumental tool for effective stakeholder engagement and better corporate governance practices.

The Proposed Revisions put a new focus on stakeholders, integrity, corporate culture, and the power of governance to enhance businesses' overall success. We welcome the underlying philosophy, according to which culture and strategy are mutually supportive in order to build trust among stakeholders. By stressing the importance of long-term success and sustainability, this shorter and sharper version of the Code reflects the changing business environment, and provides greater clarity for businesses on how to promote good corporate governance. This will enable to attract investment and ensure responsible business practices for the wider society.

We are pleased to note that many issues raised by stakeholders, as well as in response to the Green Paper Consultation on Corporate Governance Reform, have been addressed by the Financial Reporting Council. Beyond this effort, we believe that the effective application of the Principles should be supported by high-quality reporting on the Provisions.

GRI strongly supports the review and constant revision of national legislation addressing corporate governance, and would like to emphasise two feedback points (see below) that are central to the success and effectiveness of the Proposed Revisions.

I would like to thank you for the opportunity to provide input into this important review process, and I remain available to further discuss the recommendations presented in this letter, either with a follow-up call or by e-mail.

Yours sincerely,

Tim Mohin,
Chief Executive, GRI

1. GRI is pleased to observe that the revised Code recognizes the importance of corporate culture and stresses that the board should ensure its alignment with the business' purpose and strategy. Such understanding should be translated into tangible policies for the board's agenda, decision-making process, and engagement with stakeholders. This will help to deliver better, more sustainable business performance.

As such, we praise the new principles under "Leadership & Purpose" regarding the boards' responsibilities to all stakeholders, which should be developed in the annual report in compliance with Section 172 of the Companies Act 2006. Boards should focus on generating and preserving value for shareholders in the long-term, while considering the workforce interests and the impact to other stakeholders to achieve high-quality decision-making.

GRI appreciates the Proposed Revisions' focus on how businesses generate and preserve value in the long-term, while strengthening the stakeholder voice. When reporting, businesses should justify to shareholders why the board has implemented certain structures and practices. However, we consider that governance should also be implemented around climate-related risks and opportunities. As such, governance bodies should be encouraged to better evaluate businesses' impacts contribution, including environmental factors, to their long-term sustainability and success. We would welcome further strengthening of reporting requirements to improve the visibility of good corporate governance arrangements and practice.

2. GRI believes that the Corporate Governance Code can be a key vehicle to encourage UK businesses to report on their contribution to the UN Sustainable Development Goals (SDGs). In order to reach a common language for SDGs reporting, we have been working with UN Global Compact on a [publication](#) ("*Business Reporting on the SDGs: An Analysis of the Goals and Targets*") providing business disclosures for each SDGs, thereby facilitating transparency for reporters. By further developing on the notion of culture, the Proposed Revisions strengthen the need for businesses to link corporate governance to purpose, while engaging with stakeholders. GRI supports incorporating the need for businesses to consider their responsibilities to shareholders and stakeholders, and their contribution to the wider society (Principles A and C). Businesses should report on these issues as well as how this affects board decision-making.

We would welcome further incentives for governance bodies to be more purposeful, engaged with wider stakeholders, and committed to assessing and communicating their social impact. The Proposed Revisions could take a step further in exploring ways in which material information can enable measuring businesses contribution to the SDGs.