

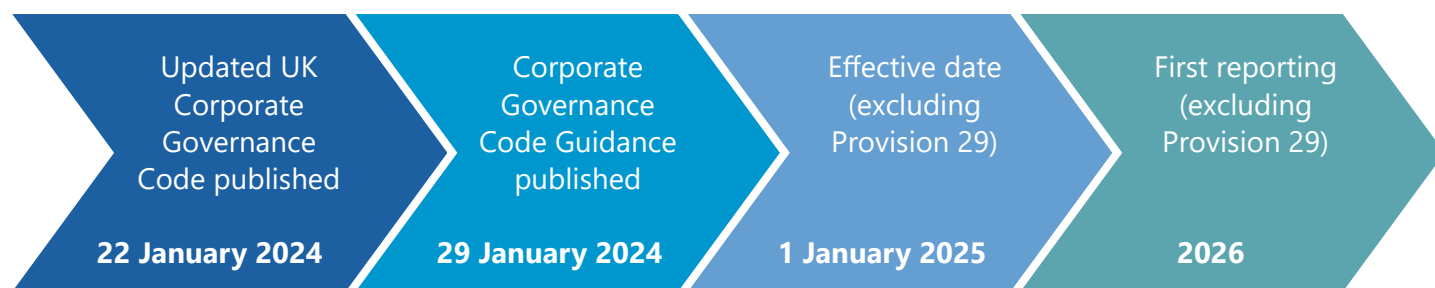
The UK Corporate Governance Code 2024



Following a 16-week consultation into changes to the UK Corporate Governance Code, the Financial Reporting Council published the 2024 UK Corporate Governance Code on the 22 January 2024.

The updated Code takes a targeted approach, focusing on a limited number of changes to ensure the right balance is struck between UK competitiveness and positive outcomes for companies, investors and the wider public.

Above all, the Code upholds the flexibility of 'comply or explain' reporting. It continues to deliver improvements that promote trust, transparency and accountability in UK companies, and supports the UK as a world-leading financial market where companies can grow.



Principal Code Changes

Section 1 – Board leadership and company purpose	Effective Date
New: Principle C. Governance reporting should focus on board decisions and their outcomes in the context of the company's strategy and objectives. Where the board reports on departures from the Code's provisions, it should provide a clear explanation.	1 January 2025
Provision 2 has been amended to include that boards should not only assess and monitor culture, but also how the desired culture has been embedded.	1 January 2025
Section 3 – Composition, succession and evaluation	Effective Date
Principle J has been amended to promote diversity, inclusion and equal opportunity, without referencing specific groups. The list of diversity characteristics has been removed to indicate that diversity policies can be wide ranging.	1 January 2025
Provision 23 has been amended to reflect the fact that companies may have additional initiatives in place alongside their diversity and inclusion policy.	1 January 2025
References to 'board evaluation' have been changed to 'board performance review'.	1 January 2025

Section 4 – Audit, risk and internal control	Effective Date
<p>Principle O has been amended to make the board responsible not only for establishing, but also for maintaining the effectiveness of, the risk management and internal control framework.</p>	1 January 2025
<p>Provision 25 and Provision 26 have been updated to reflect the Minimum Standard: Audit Committees and the External Audit, and duplicative language has been removed.</p>	1 January 2025
<p>New: Provision 29. The board should monitor the company’s risk management and internal control framework and, at least annually, carry out a review of its effectiveness. The monitoring and review should cover all material controls, including financial, operational, reporting and compliance controls. The board should provide in the annual report:</p> <ul style="list-style-type: none"> • A description of how the board has monitored and reviewed the effectiveness of the framework; • A declaration of effectiveness of the material controls as at the balance sheet date; and • A description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues. 	1 January 2026

Section 5 – Remuneration	Effective Date
<p>Provision 37 has been amended to include that Directors’ contracts and/or other agreements or documents which cover director remuneration should include malus and clawback.</p>	1 January 2025
<p>New: Provision 38 asks companies to include in the annual report a description of its malus and clawback provisions. Including:</p> <ul style="list-style-type: none"> • The circumstances in which malus and clawback provisions could be used; • A description of the period for malus and clawback and why the selected period is best suits to the organisation; and • Whether the provisions were used in the last reporting period. If so, a clear explanation of the reason should be provided in the annual report. 	1 January 2025

More information about the UK Corporate Governance Code can be found on the [website](#).