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13 September 2023

Dear Maureen

**Financial Reporting Council – Corporate Governance Code (the Code) Consultation: DRAFT 3**

We welcome the opportunity to comment on the FRC's consultation on proposed amendments to the UK Corporate Governance Code (the Code).

We agree with most of the comments and proposed amendments from the Chartered Governance Institute UK & Ireland. However, we believe that the Code should include some provision for the use of Artificial Intelligence (AI).

AI is not a new technology, having been around since 2014, but AI is rapidly developing and therefore waiting for amendments to the Code in several years' time will be an opportunity missed when the Code could be amended now.

In the Government's White Paper on AI, it mentions that to harness the benefits of AI it must get the regulations right and also the need to act was highlighted in Sir Patrick Vallance's Regulation for Innovation review where one of the recommendations was a step change in the UK's regulatory approach to AI. It also states that for the AI sandbox there should be accountability and transparency.

Although AI is regulated through existing legal frameworks, it is important that the Code is amended to include some overarching principles for AI.

A suggestion could be that "where there is reliance on data collated and assessed using generative AI technology, this must be done in a proportionate way with reasonable levels of assurance. In particular, interactions with stakeholder for the purposes of the Code should require appropriate assurances provided by humans". Perhaps it should be written in that companies must monitor the adoption and development of AI within their own organisation and ensure suitable AI policies to protect stakeholders.

We also think that there should be a working group established to develop guidance relating to corporate governance and AI.

The public need to be able to trust AI and companies that use this important technology. Therefore, introducing some provisions in the Code relating to AI may help in building that trust.

We look forward to seeing the proposed amended Code reflect some provision regarding the use of AI technology.

Yours faithfully

